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ABSTRACT

An investigation of the interrelationships and functioning of federal programs aiding the education of handicapped children and an evaluation of possible program improvement is presented. An introductory section discusses the purpose and scope of the study, the approach used, and information sources. Section 2 provides a general discussion of alternative federal roles and functions, along with the rationales for each alternative. In Section 3 a discussion of each federal program and its role is presented, including such programs as Head Start, Centers and Services for the Deaf/Blind, and Regional Postsecondary Education. The final section examines policy options for making improvements in the federal programs. Among suggestions are an increase in educational legislation (e.g., P.L. 94-142, the Education for All Handicapped Children Act) funding; consolidation of certain federal demonstration projects; and a shift in the emphasis of the federal special education Personnel Preparation program toward inservice training. (PHR)

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INTERRELATIONSHIPS OF FEDERAL PROGRAMS FOR EDUCATION OF HANDICAPPED CHILDREN

James S. Kakalik

A Rand Note

prepared for the

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION,
U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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PREFACE

This study was completed by The Rand Corporation's Policy Research Center in Educational Finance and Governance under contract with the Office of the Assistant Secretary for Education, U.S. Department of Health, Education, and Welfare. This Rand Note is intended to assist HEW in analyzing and improving the interrelationships and functioning of federal programs that aid the education of handicapped children. It was undertaken at the request of HEW, whose site review team recommended in September 1976 that the Policy Research Center investigate "the interrelation of federal programs for handicapped children."*

This study was conducted under Contract No. 300-76-0065.

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*Letter from James Fox, Office of the Deputy Assistant Secretary for Education (Policy Development), Office of the Assistant Secretary for Education, U.S. Department of Health, Education, and Welfare, to P. Michael Timpane, The Rand Corporation, September 1, 1976.

SUMMARY

This exploratory study is intended to assist HEW in analyzing and improving the interrelationships and functioning of federal programs that aid the education of handicapped children.

About 20 major federal programs aiding the education of handicapped children existed in 1975 when P.L. 94-142, the Education for All Handicapped Children Act, was passed. This new Act was basically superimposed on those other prior existing federal special education programs without changing them, even though P.L. 94-142 represents a greatly revised federal role in both funding and control of special education programming. The federal role is shifting from one of stimulating improvement in special education toward one of basic service support. For all federal programs combined, FY 1978 expenditures for special education total $856 million, but authorized FY 1982 funding exceeds $3 billion.

The purpose of this study is to investigate the interrelationships and functioning of federal programs aiding the education of handicapped children to determine whether those programs can be improved. For example:

- Is each program still needed in its current form?
- Do the funding levels for the programs appear to need adjustment?
- Can the structure, interrelationships, and cooperative functioning of the programs be improved to better complement the cornerstone P.L. 94-142 program?

The federal special education programs are considered from the viewpoint of how they are intended to function, as well as from the viewpoint of how the state and local agencies perceive them to be functioning in practice. Each federal special education program is described, the reasons for its existence are reviewed, possible problems are discussed, and a sampling of policy options for program improvement are presented.

The policy options discussed are those that were most often mentioned in our discussions with special education policymakers at the federal level and in the four states and five localities that we visited. Because the financial resources available for this exploratory study did not permit a larger and statistically highly significant sample of state and local agencies to be contacted, the findings from the states and localities we visited should be viewed as suggestive rather than definitive for the nation as a whole. Similarly, because this study is only an introductory look at the interrelationships of federal special education programs, the arguments for and against the following policy options are discussed, but no policy recommendations are made. Further study is needed to verify findings and analyze policy options in depth prior to making recommendations for policy improvements.

Policy Options for Basic Service Support Programs

- Continue the P.L. 94-142 and P.L. 89-313 programs legislatively and budgetarily unchanged.
- Increase the P.L. 94-142 appropriation level to that authorized.
- Consolidate the P.L. 89-313 program for state operated and state supported schools with the P.L. 94-142 program.
- Consolidate all federal education programs providing basic service support for various target populations (e.g., bilingual, disadvantaged, and handicapped children).

Policy Options for Other Target Population Programs with Handicapped Set-Asides

- Continue the Headstart, Impact Aid, and Vocational Education program set-asides for handicapped children unchanged.
- Retain the handicapped set-aside in Headstart, but require more cooperation with the public school system. In all Headstart localities, not just those localities where public education agencies run preschools, require joint Headstart-Local Education Agency Committees to make decisions on: whether or not a child is handicapped; and what individualized education plan will be implemented for the child.

- Retain the extra funding for handicapped children in the Impact Aid program, but incorporate financial regulations to help ensure that the funds go for special education services for the handicapped children.
- Retain the 10 percent federal basic grant funding set-aside in the Vocational Education program, but institute stronger controls to help ensure that all handicapped children needing vocational education receive it in the least restrictive environment.

Policy Options for Demonstration Programs

- Continue the ESEA Title IV special education set-aside program, the Early Education program, the Severely Handicapped program, and the Regional Post-Secondary Education program unchanged.
- Consolidate all the federal special education demonstration programs named above.
- Transfer all federal special education demonstration funds to the P.L. 94-142 program, and limit the federal role in demonstrations to one of disseminating information about exemplary state and local programs.

Policy Options for Deaf-Blind Program

- Continue the Deaf-Blind program unchanged.
- Modify the role of the federal Deaf-Blind program to one of technical assistance and personnel training only.

Policy Options for Higher Education Programs

- Continue the Higher Education programs for handicapped students unchanged.
- Transfer Gallaudet College and the National Technical Institute for the Deaf from the Office of the Secretary of HEW to the Bureau of Education for the Handicapped.

Policy Options for the Personnel Preparation Program

- Continue the Personnel Preparation program unchanged.
- Shift the emphasis of the federal special education Personnel

Preparation program more toward in-service training of regular educators, vocational educators, and special educators, although appropriate pre-service training of these three groups should not be slighted in the process.

Policy Options for Educational Media and Materials Programs

- Continue the Media Services and Captioned Film program, the American Printing House for the Blind, and the Library of Congress' Books for the Blind and Physically Handicapped program unchanged.
- Consolidate the three media/materials programs for handicapped people under one coordinated program.

Policy Options for Information and Technical Assistance Programs

- Continue the Regional Resource Center and the Recruitment and Information programs unchanged.
- Refocus the technical assistance portion of the Regional Resource Center program away from identification and individual educational program (IEP) development in about four years after P.L. 94-142 is "fully implemented." Allow the focus of the technical assistance portion of this program to be dynamic so that it can easily be modified over time to target on the areas of greatest need for technical assistance. Transfer funds for this program's "direction center" demonstrations to a special education demonstration program such as the R&D program under Part E of the Education of the Handicapped Act or the consolidated demonstration program mentioned above.
- Transfer the personnel recruitment portion of the Recruitment and Information program to the Personnel Preparation program, and transfer the information portion of the Recruitment and Information program to the Media and Materials program.

ACKNOWLEDGMENTS

I am grateful to the many people and organizations who cooperated and assisted in the development of this report. Foremost is the Office of the Assistant Secretary for Education, of the United States Department of Health, Education, and Welfare, without whose support this report would not have been prepared. The support and assistance of HEW project officer Mary T. Moore was greatly appreciated.

Other HEW personnel who provided valuable insights were Edwin Martin, Robert Herman, and Thomas Irvin of the Bureau of Education for the Handicapped; P. Michael Timpane of the National Institute of Education, Charles Buzzell of the Office of Education, as well as Alan Ginsberg and Joseph A. Imler of the Office of the Assistant Secretary for Planning and Evaluation.

In the private sector, Frederick Weintraub of the Council for Exceptional Children provided very useful insight and advice.

Rand colleagues provided very significant support, suggestions, and comments. I wish to thank especially Paul Hill, Director of Rand's Education Policy Research Center, and Peg Thomas.

Finally, and most importantly, this report builds from the work of numerous experts on special education whose work is cited throughout the text, and from the accumulated knowledge shared with me by the many people I have interviewed throughout the country at the local and state level in the process of conducting other research on special education over the past years and in the course of preparing this report. State and local education agency officials interviewed specifically for this project were universally very helpful and made numerous suggestions on how and why federal special education programs should be improved. Those officials included Leslie Brinegar, state of California; Robert Williams, Los Angeles, California; Robert Margolin, state of Connecticut; Achille Riello, New Haven, Connecticut; Roy Anderson, state of Minnesota; Robert Manning and Tom Sawyer, Plymouth, Minnesota; Jane LoCicero and Frank South, state of Nevada; Gerald Myers, Reno, Nevada; and William Hammer, Fallon, Nevada.

CONTENTS

PREFACE iii

SUMMARY v

ACKNOWLEDGMENTS ix

Section

I. INTRODUCTION 1
  Purpose and Scope of Study 1
  Study Approach 4
  Information Sources 9
  Guide to This Report 10

II. THE EDUCATION SERVICE SYSTEM: GOVERNMENT ROLES, FUNCTIONS, AND RATIONALES 11

III. CURRENT FEDERAL ROLES AND PROGRAMS FOR EDUCATION OF HANDICAPPED CHILDREN 17
  Overview of Federal Programs: Their Functions and Rationales 17
  Federal Programs for Instruction of Handicapped Children 22
    Handicapped Preschool and School Program--Aid to States 22
    Elementary and Secondary Education Act--Title I 30
    Educational Innovation and Support--Title IV 33
    School Assistance in Federally Affected Areas--"Impact Aid" 35
    Early Education for Handicapped Children 36
    Headstart 38
    Centers and Services for Deaf-Blind Children 40
    Severely Handicapped 42
    Vocational Education 43
    Regional Post-Secondary Education 47
    Higher Education: Special Services to Disadvantaged Students 48
    Gallaudet College 49
    National Technical Institute for the Deaf 50
  Federal Programs to Provide Instructional Support 51
    Personnel Preparation 51
    Recruitment and Information 53
    Regional Resource Centers 54
    Handicapped Media Services and Captioned Films for the Deaf 56

American Printing House for the Blind 57
Library of Congress: Books for the Blind and Physically Handicapped 57
Federal Research Program 58
Handicapped Education Research and Development 58

IV. NEEDED IMPROVEMENTS IN FEDERAL PROGRAMS 61
Basic Service Support Programs 62
Set-Asides in Programs for Other Target Populations 80
Demonstration Programs 84
Deaf-Blind Program 87
Higher Education Programs 89
Personnel Preparation Programs 90
Educational Media and Materials Programs 97
Information and Technical Assistance Programs 98
Research Program 101

I. INTRODUCTION

PURPOSE AND SCOPE OF STUDY

The purpose of this exploratory study is to investigate the interrelationships and functioning of federal programs aiding the education of handicapped children to determine whether those programs can be improved. For example:

- Is each program still needed in its current form?
- Do the funding levels for the programs appear to need adjustment?
- Can the structure, interrelationships, and cooperative functioning of the programs be improved to better complement the cornerstone P.L. 94-142 program?

To place the federal programs in perspective, we note that spending by all levels of government for the "excess cost" of special education above the cost of regular education was estimated by a recent study to be over $4.7 billion in FY 1976, or about $1200 per physically or mentally handicapped child served.* Of this total, the federal, state, and local shares are estimated to be 14 percent, 55 percent, and 31 percent respectively. In FY 1978, counts of children receiving special education showed that approximately 3.7 million children were served.

About 20 major federal programs aiding the education of handicapped children existed in 1975 when P.L. 94-142, the Education for All Handicapped Children Act, was passed. This new Act was basically superimposed on those other prior existing federal special education

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*W. H. Wilken et al., "State Aid for Special Education: Who Benefits?," National Foundation for the Improvement of Education and the National Conference of State Legislatures, Washington, D.C., May 31, 1976, pp. I-2, I-3. For additional statistical and descriptive material, see F. Weintraub et al., eds., *Public Policy and the Education of Exceptional Children*, The Council for Exceptional Children, Reston, Virginia, 1976.

programs without changing them, even though P.L. 94-142 represents a greatly revised federal role in both funding and control of special education programming.

The federal programs of primary concern to this study are:

- Education of the Handicapped Act--Part B (P.L. 94-142)
- ESEA-Title I (P.L. 89-313)
- ESEA-Title IV
- Federal Impact Aid
- Early Education for Handicapped Children
- Headstart
- Deaf-Blind Services
- Severely Handicapped
- Vocational Education
- Regional Post-Secondary Education
- Higher Education: Special Services to Disadvantaged Students
- Gallaudet College
- National Technical Institute for the Deaf
- Personnel Preparation
- Recruitment and Information
- Regional Resource Centers
- Media Services and Captioned Films
- American Printing House for the Blind
- Library of Congress: Books for the Blind and Physically Handicapped
- Handicapped Research

Certain other federal programs, such as the Vocational Rehabilitation program, the Medicaid program, the Crippled Children's Service, the Developmental Disabilities programs, and the National Institute of Handicapped Research, are related to the education of handicapped children. However, they were not included because they were thought to be less directly related to education than the programs we studied, and because the financial resources to investigate all federal programs were unavailable. The interrelationships between education and these programs are extremely important, and they should be investigated in the future.

By the term "handicapped children" we mean people aged 0 to 21 years who have sufficient mental or physical impairment to require significant special educational services. The federal definition of handicapped children in P.L. 94-142, the Education for All Handicapped Children Act, is

> . . . mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, or other health impaired children, or children with specific learning disabilities who by reason thereof require special education and related services.
>
> The term "children with specific learning disabilities" means those children who have a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which disorder may manifest itself in imperfect ability to listen, think, speak, read, write, spell, or do mathematical calculations. Such disorders include such conditions as perceptual handicaps, brain injury, minimal brain dysfunction, dyslexia, and developmental aphasia. Such term does not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, of emotional disturbance, or of environmental, cultural, or economic disadvantage.*

By the term "special education" we mean special services in a variety of settings ranging from a residential institution to a special school, to a special class, to a regular class with a resource room or a part-time special teacher or a consultant advising the regular teacher. It includes diagnostic services, counseling, speech therapy, training in activities of daily living, and other services, as well as education in conventional classroom subjects. The federal definitions of special education and related services are as follows:

> The term "special education" means specially designed instruction, at no cost to parents or guardians, to meet the

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*20 U.S.C. 1402 as amended.

> unique needs of a handicapped child, including classroom instruction, instruction in physical education, home instruction, and instruction in hospitals and institutions.
>
> The term "related services" means transportation, and such developmental, corrective, and other supportive services (including speech pathology and audiology, psychological services, physical and occupational therapy, recreation, and medical and counseling services, except that such medical services shall be for diagnostic and evaluation purposes only) as may be required to assist a handicapped child to benefit from special education, and includes the early identification and assessment of handicapping conditions in children.[*]

Available data on incidence rates for handicaps in school-age children have been reviewed in numerous reports and need not be discussed in detail here.[†] The estimates of the total prevalence of handicaps among school-age children are typically in the 9 to 12 percent range.

STUDY APPROACH

In considering possible improvements in the structure and functioning of federal programs for educating handicapped children, it is useful to set the context by looking briefly at broader federal policy questions. The Office of Education's *Forward Plan* for FY 1977-1981[‡] indicates that proposals for federal involvement should be evaluated in terms of the following types of questions:

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[*] P.L. 94-142.

[†] See, for example, Richard A. Rossmiller et al., *Educational Programs for Exceptional Children: Resource Configurations and Costs*, Department of Educational Administration, the University of Wisconsin, Madison, August 1970; Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979; Patricia A. Craig, "Counting Handicapped Children: A Federal Imperative," *Journal of Education Finance*, Vol. 1, No. 3, Winter 1976; and P. Craig and N. McEachron, "The Development and Analysis of Base Line Data for the Estimation of Incidence of the Handicapped School Age Population," Research Note EPRC 2158-19, Stanford Research Institute, Menlo Park, California, January 3, 1975.

[‡] Dated July 23, 1975, p. 1.

1. "What is the need for the effort?"
2. "Why should not or cannot the problem be left to state, local or private efforts?"
3. "What should the government's objectives be?"
4. "What programmatic strategy should be adopted to reach this goal?"
5. "What is the priority?"

In this report, we take as given that there is a need for improvement in education of handicapped children. This need for improvement exists despite the rapid expansion and evolution that have taken place in special education in recent years. Several major trends are observable:

- Federal and state court rulings and legislation are being implemented, making appropriate special education mandatory for all handicapped children.
- Increased numbers of handicapped children are being served.
- Special education expenditures are rising rapidly (approximately doubling since the early 1970s).
- Increased use is being made of "individualized education programs" designed to meet the specific needs of the child.
- A shift is underway toward providing services in the "least restrictive environment" that is satisfactory for the child (popularly called "mainstreaming").
- A major shift is evident in both *funding* and *control* away from local agencies and toward state and federal agencies.

Despite the large expenditures for special education, the recent legal mandates that handicapped children have a right to an appropriate public education, and recent dramatic improvements in services, several problems still exist: Many youth are not receiving needed special educational services, or are receiving the wrong or inadequate services; inequities prevail in the availability of special educational services; gaps exist in the services offered within geographic areas; policy-relevant information on the costs and effects of different services is insufficiently available; coordination of the service system is inadequate; and, most important, the resources devoted to these youths' needs are insufficient.* For example, in November 1975 the U.S. Congress passed P.L. 94-142, the Education for All Handicapped Children Act, which included the following statement of findings:

> (1) there are more than eight million handicapped children in the United States today;
> (2) the special educational needs of such children are not being fully met;
> (3) more than half of the handicapped children in the United States do not receive appropriate educational services which would enable them to have full equality of opportunity;
> (4) one million of the handicapped children in the United States are excluded entirely from the public school system and will not go through the educational process with their peers;
> (5) there are many handicapped children throughout the United States participating in regular school programs whose handicaps prevent them from having a successful educational experience because their handicaps are undetected;
> (6) because of the lack of adequate services within the public school system, families are often forced to find services outside the public school system, often at great distance from their residence and at their own expense; . . .†

In this report, we also take as given that needed improvements in the special education service delivery system should not and cannot be left *entirely* to state, local, and private efforts. The federal government, in passing the 1975 Education for All Handicapped Children Act, cited inadequate state and local resources as well as a civil rights argument to justify federal funding:

> The Congress finds that--
> State and local educational agencies have a responsibility to provide education for all handicapped children, but present financial resources are inadequate to meet the special educational needs of handicapped children; and it is in the national interest that the federal government

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*Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979.

†P.L. 94-142, Section 3(b).

> assist state and local efforts to provide programs to meet the educational needs of handicapped children in order to assure equal protection of the law.*

Several other rationales for federal involvement exist, depending on the program area of concern. Later in this report we will present and discuss the validity (or lack thereof) of the rationales usually advanced for why there should be a federal role in various areas in which the federal government is currently active in aiding the education of handicapped children.

In this report, we also take as given the special education objectives and priorities of the federal government. The following are the stated objectives and priorities of the federal government with respect to education of handicapped children:†

> 121.3. Objectives.
>
> (a) The U.S. Office of Education is committed to assuring equal educational opportunities for all handicapped children. The efforts of the Office of Education in meeting this commitment are coordinated through the Bureau of Education for the Handicapped.
>
> (b) Education of handicapped children has been adopted by the U.S. Office of Education as one of its major priorities. The six objectives designed to implement this priority are:
>
> (1) To assure that every handicapped child is receiving an appropriately designed education;
>
> (2) To assist the States in providing appropriate educational services to the handicapped;
>
> (3) To assure that every handicapped child who leaves school has had career educational training that is relevant to the job market, meaningful to his career aspirations, and realistic to his fullest potential;
>
> (4) To assure that all handicapped children served in the schools have a trained teacher or other resource person competent in the skills required to aid the child in reaching his full potential; and
>
> (5) To secure the enrollment of preschool aged handicapped children in Federal, State, and local educational and day care programs.
>
> (6) To encourage additional educational programming for severely handicapped children to enable them to become as

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*Ibid.

†*Code of Federal Regulations,* Title 45, Public Welfare, Part 121, Definitions; General Provisions, Section 121.3.

independent as possible, thereby reducing their requirements for institutional care, and providing opportunities for self-development.

The Education for All Handicapped Children Act of 1975 (P.L. 94-142) stated that the intention or objective of Congress was "to assure that all handicapped children have available to them, within the time periods specified . . . a free appropriate public education. . . ."

At the state level, special education is also of very high priority. A 1975 survey of state officials found that of 42 areas of need for children and their families, the need of the handicapped child was rated first priority.[*]

This report focuses on the fourth question set forth in the Office of Education *Forward Plan* for considering proposals for federal involvement: "What programmatic strategy should be adopted to reach this goal?" Or to rephrase the question, "Given the need, the federal objectives, and the justifiable federal involvement in special education, how can federal programs be improved to better reach the stated objectives?"

Different types of criteria by which to evaluate proposed improvements in special education programs include: adequacy of funding in relation to need in terms of both quantity and quality of services; equity of fund and service distribution; anticipated effects of service delivery in terms of quality of life and in terms of future economic benefits; comprehensiveness, gaps, and overlaps in types of services and programming arrangements in relation to need; control and coordination of services; compatibility with other regular and special education programs; flexibility in adapting to changing circumstances; accountability in assuring services reach their intended target population; avoidance of needless complexity; and efficiency.[†]

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[*] E. R. LaCrosse, "State Trends and Priorities in Services for Children and their Families," Education Commission of the States, Report No. 90, Denver, Colorado, May 1976.

[†] See J. S. Kakalik et al., *Services to Handicapped Children: A Program Overview*, The Rand Corporation, R-1220-HEW, May 1973; and

INFORMATION SOURCES

Since this report is based on a brief exploratory study, data collection was necessarily quite limited. It consisted of:

- A review of the literature.
- Interviews with various federal people responsible for programs aiding the education of handicapped children.
- Interviews with state special education directors in four diverse states to obtain their views and to see what suggestions they have for improving federal programs. The states visited were California, Connecticut, Minnesota, and Nevada.
- Interviews with special education personnel in five diverse localities to see how the federal programs look in practice from the local viewpoint and to see what suggestions local personnel have for improving federal programs. The local districts visited were: Los Angeles, California; New Haven, Connecticut; Joint Intermediate District 287, Minnesota; and Fallon and Reno, Nevada.
- Interviews with the Council for Exceptional Children.

Because of the fiscal limitations on this project, it was not possible to draw a large and statistically highly significant sample of states and localities to visit. Rather, we selected a few states and localities with diverse characteristics to obtain as full a range of ideas and perspectives as possible concerning federal programs aiding the education of handicapped children. We selected diverse states and localities on the following three dimensions: population size, region of the country, and urban/rural. The views from these states and localities are suggestive of those that may exist nationwide but should not be considered definitive or representative of the nation as a whole.

C. D. Bernstein et al., "Financing Educational Services for the Handicapped," Management Analysis Center, Inc., Palo Alto, California, December 1974, pp. 35-38.

GUIDE TO THIS REPORT

This report continues with: a general discussion of alternative federal roles and functions, along with the rationales for each alternative (Section II); a discussion of each federal program and its role and operation (Section III); and a discussion of various policy options for making needed improvements in federal programs for the education of handicapped children (Section IV).

II. THE EDUCATION SERVICE SYSTEM: GOVERNMENT ROLES, FUNCTIONS, AND RATIONALES

Before delving into specific special education programs, it is useful to take a general view of how various government roles can be defined, what functions government programs may serve, and the rationales usually advanced for alternative roles and functions. This permits better understanding of specific individual programs in the broader context of other existing programs and of possible alternatives to existing programs.*

There are essentially four dimensions for defining government roles: operations, policy and program control, funding, and innovation/stimulation. Each dimension is a metric indicative of the degree and type of responsibility and authority vested in and exercised by any given government institution. The dimensions may be illustrated by posing the following operational questions:

- Operations. Is the government agency or institution directly providing services? Is it the delivery point for the affected population?
- Policy and Program Control. Is the agency responsible for developing and monitoring policies and programs designed to produce specified services?
- Funding. Is the agency a primary source of funds supporting a given service or collection of services? Does it have the power to change the amount of those funds?
- Innovation/Stimulation. Is the agency primarily responsible for creating new ideas, programs, and policies and for

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*For a more detailed discussion than appears here, including references to the literature on the subject, see Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979. For a recent discussion of alternative federal roles in education in general, see "Elementary, Secondary, and Vocational Education--An Examination of Alternative Federal Roles," Congressional Budget Office issue paper, January 1977.

encouraging operational agencies to adopt practices and procedures reflecting these ideas? Research, development, demonstrations, and so-called "social experiments" are all illustrative activities.

The general functional mechanisms with which federal agencies and programs help produce a range of definable special education services include:

- o The direct provision of services and related activities.
- o The purchase of services through funding of state or local government agencies.
- o The regulation of those providing services through such diverse measures as licensing, certifying and auditing facilities and personnel quality, regulation of service delivery policy, coordination activities, and court rulings.
- o The investment in manpower and facilities that contributes to an adequate supply of services.
- o The search for and dissemination of information both about the system, its problems, and its participants and about improved ways to provide services.

Any given alternative federal role may be characterized by the presence or absence of one or more of each of the above dimensions. For example, the federal government may innovate, fund, control, and operate in a particular service area (such as Gallaudet College for deaf youth). Alternatively, the federal government may only regulate (such as in equal educational opportunity court orders) or only fund (as in revenue sharing) or fund and regulate but not operate (as in P.L. 94-142).

The rationales sometimes advanced to support alternative federal roles in special education are summarized below. While education is primarily a nonfederal responsibility, the principal rationale for federal involvement is the current lack of equal educational opportunity for handicapped children.

1. Rationales for Direct Provision of Services and Related Activities. Provision of certain services is more justifiable at the federal than the state level because of economies of scale or significant externalities that can be internalized at the federal level. First, there may be large economies of scale in the production of quality education for the handicapped, especially for children with very low incidence conditions. It may be that these economies can be captured only at the federal level for some target populations. Second, federal sponsorship of programs can internalize externalities, since certain investments by any one state will have major benefits for other states. That is, some of the benefits of the government program may reach beyond the bounds of (external to) the state or local political jurisdiction supporting the program. All those benefits, however, would be internal from the viewpoint of the nation as a whole. Research on educational techniques or the prevention of various types of handicaps, for example, would benefit every state, yet cost about the same whether paid for by the state or the federal government. If the state does not consider the benefits flowing to others (and there are no incentives to ensure that this would be the case), it will tend to underinvest in research. Only if the federal government operates the research program are the costs and benefits to the nation as a whole likely to be considered in the decision and will the level of investment be made at the socially optimal level. This same rationale is also used in urging federal government support of training. Many states are hesitant to invest heavily in training professional personnel who then often migrate to another state. These externalities can also be internalized by broadening the political jurisdiction from the local or state level to the federal level.
2. Rationales for Provision of Funds. Funds may be provided for purposes of more equitable redistribution of resources or for purposes of basic service support.

Two basic rationales for redistribution of resources from one population group to another, e.g., from wealthy states to poorer states (or individuals), are to increase the equity of service delivery (equality of educational opportunity) and to increase the total productivity of society by upgrading the working potential of the handicapped segment of the population through the provision of special educational services. Unequal distribution of wealth among the states, and unequal distribution of handicapped children among the states, are two reasons for an unequal financial burden among the states for the provision of special education services. Categorical funds for particular types of pupils can be designed to help equalize resources relative to "needs" of particular types of students.

Alternatively, the federal government may provide funds for basic service support, as it does in P.L. 94-142. In this basic service support function, the federal government assumes partial financial responsibility for special education; the money is not given primarily to redistribute resources, to stimulate state or local effort, or for other reasons discussed in this section. One rationale often offered for federal performance of this basic support function is that a major unmet need for services exists, and state and local agencies have not been able to fill that need because of budgetary problems. Another rationale is that the group needing services can exert pressure more effectively at the federal level than it can at the state or local level. These groups may represent small minorities at the lower levels of government, but become a powerful lobby through organization at the federal level. Handicapped persons and military veterans are examples of groups that may have more power at the federal level than at the local level because of powerful national organizations.

Arguments sometimes used against massive federal "basic support" for educational services are essentially threefold:

It is questionable whether the federal government will have more surplus funds (or lower deficits) than state and local governments will have; large amounts of federal funds may be accompanied by inappropriate and inflexible controls over education, which is primarily a state function and responsibility and which must be designed to meet the unique needs of each different locale; and court rulings may be sufficient to cause states and localities to provide needed improvements in special education without massive federal funds.

3. Rationales for Control and Regulation. Quality control arguments are frequently offered in support of regulatory functions. Such arguments take the following representative form: It is the job of the federal government to assure at least minimal quality of "due process" procedures and other aspects of special education as a means of protecting the rights of handicapped children.

   A second type of rationale for regulation is concerned with the responsibility of a government agency providing funds to oversee the use of those funds and establish accountability procedures to help assure the funds are spent effectively and as intended.

4. Rationales for Stimulation of State and Local Program Development. The twofold rationale for providing seed money, initial construction and staffing funds, funding demonstration projects, and disseminating information is basically that states and locales may desire to improve the service system but (1) because of lack of start-up funds or political inertia, they have difficulty in doing so, or (2) because of lack of available knowledge about improved ways of providing services, they cannot do so. The federal government may match state and local fiscal effort with federal grants. This lets the states buy more with their dollars and can increase the total amount spent on education of the handicapped. The federal government may also sponsor demonstration projects that permit state and local education agencies to see a program in operation before deciding

to fund it themselves. Demonstrations also allow the federal government to pay initial investment costs; state and local governments then pay only annual operating costs. Demonstration projects thus lower both risk and cost to state and local governments of undertaking special education projects. Theoretically, this leads to more state and local dollars flowing to education than there would be without the federal programs.*

As with arguments pro and con for most policy issues, the strength of the individual arguments or rationales varies. For example, the relative fiscal capacity of different levels of government varies with time and among states, and the magnitude of the effects of a court order are not precisely known. In addition, the weight or value one assigns to various arguments depends on one's objectives. Consequently, one federal role or function may not be clearly preferable over another for all time and for all concerned parties.

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*For a recent assessment of the limited effectiveness of demonstration and stimulation activities in creating change in local education agencies, see P. Berman and M. W. McLaughlin, *Federal Programs Supporting Educational Change, Vol. VIII: Implementing and Sustaining Innovations*, The Rand Corporation, R-1589/8-HEW, May 1978.

III. CURRENT FEDERAL ROLES AND PROGRAMS FOR EDUCATION OF HANDICAPPED CHILDREN

OVERVIEW OF FEDERAL PROGRAMS: THEIR FUNCTIONS AND RATIONALES

Twenty federal programs aimed at education of handicapped children are summarized in Table 1. Based on the output of each program, they are divided into three basic classifications, according to whether funds are used primarily for:

- Instruction of handicapped students.
- Training personnel and production of resources in support of instruction.
- Research and development.

Federal expenditures in FY 1978 for the education of handicapped children amounted to $856.3 million. Of the total, 85 percent of the money went for instruction of handicapped students, 13 percent went for training personnel and production of resources in support of instruction, and 2.6 percent went for research and development. This expenditure level was nearly triple the $314.9 million expended by the federal government for comparable purposes in FY 1972.*

The primary or major function that the federal government is fulfilling in each of the programs is shown in Table 2. Note that programs may also have secondary functions that are not shown in the table.

The hybrid federal role is being carried out through an assortment of functional mechanisms, including court orders; research and development; seed money; demonstrations and experiments; direct investments in facilities, services, and personnel; service policy mandates and regulations, and practically any other conceivable function that one might define. Special education for the handicapped at the

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*Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979, Chap. 10.

Table 1

SUMMARY OF FY 1978 FEDERAL PROGRAMS FOR EDUCATION OF HANDICAPPED CHILDREN

Program	Budget ($ Million)	Estimated Number of Children Receiving Special Education	Primary Target Population of Handicapped Children
Instruction			
EHA-B (P.L. 94-142)[a]	327.5	3,500,000	All
ESEA Title I (P.L. 89-313)	121.6	224,000	State operated and supported schools
ESEA Title IV	22	?	School age
Federal Impact Aid	22	25,000	Dependent of federal employee
Early Education	22	25,000	Preschool age (0 to 8 years old)
Headstart	62.5	36,000	Preschool age disadvantaged
Deaf-Blind Services	16	4,575	Deaf-Blind
Severely Handicapped	5	1,860	Severely handicapped
Vocational Education	41.3	310,000	All with vocational needs
Regional Post-Secondary Education	2.4	2,654	Post-secondary age
Higher Education	2.2	4,300	Post-secondary age physically disabled
Gallaudet College	65.1	2,560	Post-secondary age deaf
NTI for Deaf	16.8	1,070	Post-secondary age deaf
Instructional Support			
Personnel Preparation	45.4	(b)	All
Recruitment and Information	1	(c)	All with information and referral needs
Regional Resource Centers	9.8	(d)	All with diagnostic and educational programming needs
Media Services and Captioned Films	19	—	All
Amer. Print. House Blind	3.5	(e)	Blind
Library of Congress	28.9	(f)	Blind and physically handicapped
Research			
Handicapped Research	22.3	—	All
Total	856.3	(g)	

SOURCES: See text.

[a] Advance funded from FY 1977.

[b] A total of 47,000 personnel were trained.

[c] Approximately 200,000 people were provided information.

[d] Approximately 40,000 children were given diagnostic and educational programming services.

[e] Approximately 31,000 students received education materials.

[f] Approximately 571,000 people received materials.

[g] The number of *different* children served cannot be determined from the available data since the same children are sometimes served through more than one program.

Table 2

FY 1978 FEDERAL FUNDS FOR EDUCATION OF HANDICAPPED CHILDREN ($ Million)

		Primary Function				
		Provision of Services		Provision of Funds, with Accompanying Regulations		
Program	Budget FY 1978	Economy of Scale	Internalize Externalities	Basic Service Support	Redistribution of Resources	Stimulation
Instruction						
EHA-B (P.L. 94-142)	327.5			327.5[a]		
ESEA Title I (P.L. 89-313)	121.6			121.6		
ESEA Title IV	22					22
Federal Impact Aid	22			22		
Early Education	22					22
Headstart	62.5				62.5	
Deaf-Blind Services	16	16				
Severely Handicapped	5					5
Vocational Education	41.3					41.3
Regional Post-Secondary Education	2.4					2.4
Higher Education	2.2			2.2		
Gallaudet College	65.1	65.1				
NTI for Deaf	16.8	16.8				
Instructional Support						
Personnel Preparation	45.4		45.4			
Recruitment and Information	1					1
Regional Resource Centers	9.8					9.8
Media Services and Captioned Films	19	19				
Amer. Print. House Blind	3.5	3.5				
Library of Congress	28.9	28.9				
Research						
Handicapped Research	22.3		22.3			
Total	856.3	149.3	67.7	473.3	62.5	103.5
Percent	100.0	17.4	7.9	55.3	7.3	12.1

[a] Prior to its revision by P.L. 94-142 in 1975, the primary function of the EHA-Part B program was stimulation.

federal level is truly such a widely variegated class of activities that it is difficult to generalize about it.

The rationales used to justify federal involvement also are multiple and variegated. As shown in Table 2, some definable programs are currently rationalized in terms of redistribution of resources arguments (e.g., Headstart). Another cluster is most accurately labeled as stimulative (e.g., ESEA Title IV, the Severely Handicapped program, and the Early Education program). Some programs are primarily managed at the federal level because of economies of scale considerations (e.g., Gallaudet College, media services, and the American Printing House for the Blind). Still another cluster could be rationalized in terms of internalization of externalities (e.g., training teaching personnel under the Education of the Handicapped Act, and most research support). And finally, some programs such as P.L. 94-142 provide direct service support on the primary rationale that current state and local resources are inadequate.

The multifaceted federal role in special education is in a state of rapid transition. The primary federal role prior to passage of the Education for All Handicapped Children Act in 1975 was one of catalyzing or stimulating expansion and improvement of special education. As P.L. 94-142 is implemented, and the federal efforts and role grow, the primary federal role is tending toward one of basic service support. Without question, special education has been stimulated to expand and improve greatly in recent years. One cannot ascertain the extent to which this is a result of federal programs, however, since other forces have also contributed to the situation. Those other forces include increasingly effective lobbying efforts by professional and parent groups as well as court decisions and state legislation affirming the right of handicapped children to an appropriate education.* Clearly, however, the federal special education programs have aided and contributed to the expansion and improvement of special education at the state and local level.

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*Office of Planning, Budgeting, and Evaluation, *Annual Evaluation Report on Programs Administered by the U.S. Office of Education FY 1975*, Office of Education, Department of Health, Education, and Welfare, Washington, D.C., September 1976, p. 17.

In terms of dollar support devoted to each of the different functions, the picture is changing. In FY 1972 approximately 44 percent--the largest share--of total federal expenditures of $315 million was classifiable under the stimulation category; some 9 percent under resource redistribution or balance wheel arguments; 20 percent under internalization of externalities; 18 percent as basic service support; and 11 percent as economies of scale.* The predominant functions being carried out in FY 1972 under the stimulation rationale were demonstrations and experiments and the provision of seed money as parts of the Education for the Handicapped Act (Title VI-B), ESEA Title III, and the Vocational Education Act. BY FY 1978, the total federal special education budget had grown by 172 percent to $856.3 million, and the percentages devoted for the different functions were 12.1 percent for stimulation (down from 44 percent in FY 1972), 7.3 percent for resource redistribution, 17.4 percent for economy of scale, 7.9 percent for internalization of externalities, and 55.3 percent for basic service support (up from 18 percent in FY 1972). By 1982, if P.L. 94-142 appropriations match authorizations and the budget for all other special education programs stays the same, basic service support will constitute 89 percent of the federal expenditures for education of handicapped children.

Since the federal government supplied only about 14 percent of the total special education expenditures of approximately $4.7 billion in the United States in 1976, the current federal role is not a dominant one, but here again the picture is changing.† If P.L. 94-142 appropriations match authorizations, and if special education is assumed to cost approximately twice as much as regular education, the federal government share of special education excess costs would rise from 14 percent to at least 40 percent by 1982.

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*Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979, Chap. 10.

†W. H. Wilken and David O. Porter, *State Aid for Special Education: Who Benefits?*, National Foundation for the Improvement of Education and the National Conference of State Legislatures, Washington, D.C., October 1976.

Still another way of viewing the federal programs is to consider the products of each of those programs, such as instruction, related services, teacher training, facilities construction, materials, and research and development. Table 3 summarizes the federal program products. Note that while one program is focused exclusively on personnel preparation, 9 others out of the 20 also have personnel training components. Also note that while one program focuses on handicapped research and development exclusively, 4 others out of the 20 have an R&D component.

The next sections describe the current federal programs in three groups, according to whether funds are used primarily for (1) direct support of instruction, (2) for indirect support of instruction through the production of educational resources such as teachers and materials, or (3) for research.

FEDERAL PROGRAMS FOR INSTRUCTION OF HANDICAPPED CHILDREN

Handicapped Preschool and School Program--Aid to States

Created by the 1975 "Education for All Handicapped Children Act," P.L. 94-142, this is the program that has the potential to dramatically change the federal role in both preschool age and school age special education from primarily a catalytic or stimulative role toward a basic service support role.* If P.L. 94-142 appropriations match authorizations,

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*Under the program that P.L. 94-142 replaces as Part B of the Education of the Handicapped Act, grants were made to states to support education of handicapped children through initiation, expansion, or improvement of programs at the preschool, elementary school, and secondary school levels. The stated purpose of the program was to stimulate state and local investment in special education. This stimulation was attempted primarily through the demonstration mechanism since there was no matching requirement to obtain federal funds under this program. Grants were allocated to the state, based on the number of children in a state between the ages of 3 and 21. In FY 1970, the program supported education for 204,836 youth (U.S. Bureau of Education for the Handicapped, *Aid to the States Information System, National Report*, September 1971). The FY 1972 budget under EHA-Part B was only $37.5 million (U.S. Congress, House, Subcommittee of the Committee on Appropriations, *Hearings, Part 2, Office of Education and Special Institutions*, 92nd Congress, 2nd Session, 1972, p. 403).

Table 3

PRODUCTS OF FEDERAL PROGRAMS FOR EDUCATION OF HANDICAPPED CHILDREN

Program	Program Products						
	Instruction of Handicapped Students	Related Services to Students	Trained Teachers	Other Trained Personnel	Facilities	Materials	R&D
Instruction							
EHA-B (P.L. 94-142)	x	x	x	x	x	x	
ESEA Title I (P.L. 89-313)	x	x			x	x	
ESEA Title IV	x	x				x	
Federal Impact Aid	x	x			x	x	
Early Education	x	x				x	
Headstart	x	x				x	
Deaf-Blind Services	x	x	x	x		x	
Severely Handicapped	x	x	x	x		x	
Vocational Education	x	x	x	x		x	
Regional Post-Secondary Education	x	x				x	
Higher Education	x	x				x	
Gallaudet College	x	x	x	x	x	x	x
NTI for Deaf	x	x	x	x	x	x	x
Instructional Support							
Personnel Preparation			x	x			
Recruitment and Information		x	x	x		x	
Regional Resource Centers		x	x	x		x	x
Media Services and Captioned Films		x	x	x		x	x
Amer. Print. House Blind		x				x	
Library of Congress		x				x	
Research							
Handicapped Research							x

the federal government share of special education costs would rise substantially. Total 1982 appropriations under P.L. 94-142 alone would be over $3 billion, more than is currently spent on Title I of the Elementary and Secondary Education Act, and more than triple what the federal government currently spends through all special education programs. However, the appropriations for this program are falling well below the level authorized. For example, in FY 1980 the law authorizes expenditures per pupil for the 1980-1981 school year equal to 30 percent of the national average public school expenditure per pupil. But the Senate and House FY 1980 appropriations bills both contain $874.5 million,* which allows expenditures of only about 12 percent of the national average public school expenditure per pupil.

The federal role in control of special education service delivery policy will also potentially increase markedly since the financial support is accompanied by various "strings," e.g., the mandate that *all* handicapped children be identified and provided a free appropriate public education, the requirement that the currently unserved and the inadequately served severely handicapped youth be served first, the various requirements regarding individualized education programs with annual reevaluations, due process procedures, and service in the least restrictive environment that is appropriate for the child, plus other requirements summarized later in this section. These controls come even if the full authorized funds are not appropriated, but the strength of the controls will depend on how federal regulations are written, interpreted, and enforced. Perhaps the most significant aspect of the new law is the universal service standard--the requirement that to be eligible for federal funds each state must provide an appropriate special education to each of its handicapped children. This universal service standard itself represents a rather radical departure from federal policy in other categorical education programs. It also implicitly imposes a "matching" requirement on states and localities; they must "match" the federal funds in an amount sufficient to achieve

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*"Senate Passes 1980 Labor-HEW Bill," *Education Daily*, July 24, 1979, p. 2.

the full service standard and other service policy mandates of P.L. 94-142.

The federal government, in passing the 1975 Education for Handicapped Children Act, cited inadequate state and local resources as well as a civil rights argument to justify federal funding:

> The Congress finds that--
> State and local educational agencies have a responsibility to provide education for all handicapped children, but present financial resources are inadequate to meet the special educational needs of handicapped children; and it is in the national interest that the federal government assist state and local efforts to provide programs to meet the educational needs of handicapped children in order to assure equal protection of the law.*

In FY 1978, the EHA-Part B budget (advance funded from FY 1977) was $327.5 million and approximately 3.5 million children were being at least partially served with those funds. In addition, a total of $12.5 million was available for preschool incentive grants.† (About 200,000 of the 3.5 million children served were 3-5 years old.)

In our interviews with special education administrators in five state and four local education agencies, we found that they generally agreed with the goals of P.L. 94-142, but were worried about some of the details in the law and didn't know where they were going to get all the funds needed to fully implement the law.

At the local level, when asked if they saw any problems with P.L. 94-142, three of the five special education administrators we interviewed volunteered that there were too many federal special education programs, three of the five said there would be a financial crunch as P.L. 94-142 is implemented and that the federal funds were not in proportion to the new mandates, and a different combination of three of the five said the federal goals in P.L. 94-142 were fine but the detailed regulations were too inflexible to allow local districts to use what they felt were equally good means of reaching the same goals.

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*P.L. 94-142, Section 3(b).

†U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.449, May 1978.

Two volunteered that they felt the federal time lines for reaching the goals were unrealistic: One felt they were five years too soon and the other said he couldn't meet the deadlines but "Let them prove that we aren't in compliance."

The four state special education directors had similar responses. All four agreed with the P.L. 94-142 goals. Three felt the deadlines were unrealistic and that the mandate should be delayed because it takes time to implement significant changes well. All four said that the federal mandates preceding the large federal flow of dollars created a financial problem; one noted that state mandates to find and serve children are usually enforced only to the extent that the state is willing to fund the program, so that while federal and state mandates may appear to be the same, they are not necessarily the same in practice. Two said there are too many federal programs and they don't have time to keep track of them all and don't have the staff to chase small amounts of dollars. Two said they didn't like the federal government forcing them to do things one way when other procedures could be equally good. One said his education agency couldn't control other state agencies serving handicapped children. One mentioned that he wanted to serve severely handicapped three- and four-year-old children, but not *all* preschool age handicapped children.

Overall, however, based on our fieldwork on another research project in 72 local and intermediate education agencies in 14 states during the 1977-1978 school year, our impression is that state and local agencies are making strong efforts to improve their special education programs in compliance with the P.L. 94-142 mandates.[*]

For those readers unfamiliar with the details of the new revised EHA-Part B program created by P.L. 94-142, the following summary is presented.[†]

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[*] J. Kakalik, W. Furry, and M. Thomas, "The Cost of Special Education," The Rand Corporation, 1979 (work in progress).

[†] The following material is summarized from L. V. Goodman, "A Bill of Rights for the Handicapped," in *Programs for the Handicapped,* Office for Handicapped Individuals, U.S. Department of Health, Education, and Welfare, Washington, D.C., 1977.

1. P.L. 94-142 sets out to make certain that without exception, every one of the nation's handicapped children receives "special education and related services."
2. The policies expressed in the law are binding irrespective of what happens as regards the size of appropriations.
3. A free public education will be made available to all handicapped children between the ages of 3 and 18 by no later than September of 1978 and all those between 3 and 21 by September of 1980. Coverage of children in the 3 to 5 and 18 to 21 ranges will not be required in states whose school attendance laws do not include those age brackets. P.L. 94-142 authorizes incentive grants of $300 over the regular allocation for each handicapped child between the ages of 3 and 5 who is afforded special education and related services.
4. For each handicapped child there will be an "individualized educational program" jointly developed by a qualified school official, by the child's teacher and parents or guardian, and if possible by the child himself. This written statement will include an analysis of the child's present achievement level, a listing of both short range and annual goals, an identification of specific services that will be provided toward meeting those goals and an indication of the extent to which the child will be able to participate in regular school programs, a notation of when these services will be provided and how long they will last, and a schedule for checking on the progress being achieved under the plan and for making any revisions in it that may seem called for.
5. Handicapped and nonhandicapped children will be educated together to the maximum extent appropriate, and the former will be placed in special classes or separate schools only when the nature or severity of the handicap is such that education in regular classes, even if they are provided supplementary aids and services, cannot be achieved satisfactorily.
6. There will be an intensive and continuing effort to locate and identify youngsters who have handicaps, to evaluate their

educational needs, and to determine whether those needs are being met.

7. Priority will be given first to those who are not receiving an education at all and second to the most severely handicapped within each disability who are receiving an inadequate education.
8. In school placement procedures and in fact in any decisions concerning a handicapped child's schooling, there will be prior consultation with the child's parents or guardian.
9. The rights and guarantees called for in the law will apply to handicapped children in private as well as public schools, and youngsters in private schools will be provided special education at no cost to their parents if the children were placed in these schools or referred to them by state or local education agency officials.
10. The states and localities will undertake comprehensive personnel development programs, including in-service training for regular as well as special education teachers and support personnel.
11. The principles set forth a few years ago in federal legislation aimed at the elimination of architectural barriers to the physically handicapped will be applied to school construction and modification.
12. The state education agency will have jurisdiction over all education programs for handicapped children offered within a given state, including those administered by a noneducation agency (a state hospital, for example, or the welfare department).
13. The new law's finance formula involves the 3 to 21 age range but includes only those youngsters in that range who are handicapped and who are receiving special education. Thus, the more handicapped children the state sets out to educate, the more money it will be entitled to. To address the potential problem of overcounting for the purpose of obtaining more federal funds, a maximum of 12 percent of the state's school age population may be counted as handicapped. For FY

1978, the proportion of the overall allocation for which a given state will be eligible is to be determined by multiplying the number of handicapped children being served by 5 percent of the national average public school expenditure per child. For FY 1979, the multiplication factor doubles with the number of children being served multiplied by *10* percent of the national per pupil expenditure. Thereafter, it continues to rise by an additional 10 percent annually for another three years, to a permanent level of 40 percent--that is, the number of handicapped children being served in the state times 40 percent of the national average per pupil expenditure. Based on the current per pupil expenditure, that could mean a FY 1981 authorization of more than $3.16 billion. It is important to note, however, that authorization amounts frequently far exceed actual appropriations.

14. If the commissioner finds there to be a "substantial" failure to meet the various provisions of P.L. 94-142--either by a state or by an intermediate or local agency within the state--the law says he "shall" withhold further payments under the Act and that he "may" withhold funds earmarked for education of the handicapped under the Elementary-Secondary and Vocational Education Acts.

15. In the event of objections to a school's decision, there must be a process by which parents can register their complaints. That process must also include an opportunity for an impartial hearing which offers parents rights similar to those involved in a court case--the right to be advised by counsel (and by special education experts if they wish), to present evidence, to cross-examine witnesses, to compel the presence of any witnesses who do not appear voluntarily, to be provided a verbatim report of the proceedings, and to receive the decision and findings in written form.

16. While the P.L. 94-142 grants are to the states, beginning in FY 1979, 75 percent must be passed on to localities in proportion to the number of handicapped children served in the locality.

17. Federal funds may only be used by localities for the excess cost of special education above the average annual per pupil expenditure for all children.
18. Federal dollars may not supplant state and local dollars until all handicapped children in the state are receiving a free appropriate public education.
19. Funds are not passed through to the local district if that district is not entitled to at least $7500. This encourages special education consortia to more effectively use federal dollars and more effectively serve the children.
20. The state may refuse to pass through dollars if the local district does not conform to state plan requirements or to service delivery policy requirements set forth in P.L. 94-142; if the local district does not apply; if the special education program within the district is of insufficient size and scope; or if the local district is already providing full service to all handicapped children with state and local funds.

Elementary and Secondary Education Act--Title I

Title I primarily provides grants to local education agencies for the education of children from low income families. These funds are used to expand and improve educational programs that contribute to meeting the exceptional educational needs of educationally deprived children. Since handicapped children make up part of the educationally deprived target population, they should be able to benefit from the increase in school resources as well as nonhandicapped children. However, these local education agency grants are not specifically targeted for mentally and physically handicapped children, and we do not have data on the number of handicapped children served with these Title I local education agency grants in 1978.*

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*In FY 1972, unlike today, in many states special education was not mandated by law. Title I money could be used to provide special educational services to handicapped children where such services were not mandated by state law. The number of handicapped youth receiving educational support under this "nonmandated" portion of Title I in FY 1972 was an estimated 180,000 (see U.S. Congress, House, Subcommittee of the Committee on Appropriations *Hearings, Part 2, Office of Education and Special Institutions*, 92nd Congress, 2nd Session, 1972, p. 271).

The federal government plays two distinctly different roles in Title I. In the main part of Title I, it acts to redistribute resources in providing compensatory education to educationally deprived children. The argument is that some school districts do not have adequate financial resources to carry out compensatory education. The size of the federal grant is based on the number of children between ages 5 and 17 who come from low income families, who receive Aid to Families with Dependent Children, and who are in publicly supported institutions for neglected, delinquent, or foster children. FY 1978 expenditures of $1.926 billion were expected to aid about 5,155,000 children (the great majority of whom were not mentally or physically handicapped).[*] In the main part of Title I, the federal government shifts resources to make the distribution of educational resources more nearly equitable.

The largest impact of ESEA Title I on the handicapped population comes through an amendment to that Act, P.L. 89-313, which provides funds to state agencies for special education in schools supported or run directly by the state. Participating youth must be under 21 years old and not have completed grade 12. An estimated 108,000 handicapped youth whose special education was the direct responsibility of a state agency benefited under P.L. 89-313 provisions in FY 1970.[†] The number of children served under this program more than doubled in the following eight years. In FY 1978, $121.6 million in expenditures went for service to approximately 223,000 children and youth.[‡] Forty percent of the children served in 1978 were in residential programs.[**]

To encourage service in the least restrictive environment, a handicapped child who leaves a school operated or supported by the state agency to participate in a special educational program in a local education agency is eligible for P.L. 89-313 funds if he or she continues to receive an appropriately designed educational program and if the state transfers to the local agency the P.L. 89-313 funds attributable to that child.

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Section 13.428, May 1978.

[†] U.S. Bureau of Education for the Handicapped, *Aid to the States Information System, National Report*, September 1971.

[‡] "States Get $595 per Child in Title I Handicapped Grants," *Education Daily*, May 4, 1979, p. 5.

[**] "Federal Education Laws: Where the Money is for Handicapped Education," *Education Daily*, February 14, 1978, p. 5.

Unlike Title I in general, it is difficult to interpret the P.L. 89-313 aspect of Title I as primarily one of redistributing resources. The P.L. 89-313 formula requires that the allocation of federal funds to a state be equal to the maximum authorization, which is based on the number of eligible handicapped children in average daily attendance (ADA) multiplied by 40 percent of the state per pupil expenditure (or not less than 80 percent nor more than 120 percent of the national average).* This formula obviously has some redistributive effect. Since poor states tend to spend less on education per capita than rich states, they will receive more than 40 percent of their average expenditures because of the minimum floor set by the national average. Although poorer states will get more as a percentage of current expenditures than richer states get per ADA, they may get less money in absolute terms than the richer states get per ADA.

The rationales generally offered for a strong federal role in redistributing resources are based on both the large amount of resources necessary to operate an adequate program and the wide range of financial capability among the states. In programs serving a large number of persons, such as welfare and compensatory education, both of these arguments have some credibility. However, in the case of special education in state-operated and state-supported institutions, there is more room for argument. The point is that state funds for children educated in these state operated or supported schools could be greatly increased without dramatically affecting the size of the total state budget. Under such circumstances, the need for redistribution of resources from state to state is far from clear.

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*National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, U.S. Department of Health, Education, and Welfare, 1976.

While it was stimulative when first created and most children in state institutions were not appropriately educated, now that most of those children are being educated, the P.L. 89-313 program primarily functions to provide basic support for services. In effect, the federal government is saying that it will pay each state approximately $543 for each eligible handicapped child who attends a state-operated or state-supported school, or who has transferred from one of those schools to a local school. The federal government has not assumed a basic support role for education in general. Until passage of the 1975 Education for All Handicapped Children Act in 1975, this P.L. 89-313 program was the only major basic support program operated by the federal government in the area of special education.

Comments from people we interviewed in state education agencies all concerned policy options (such as leaving the program as is, or consolidating it with P.L. 94-142) and are presented in a later section of this report where those options are discussed.

Educational Innovation and Support--Title IV

P.L. 93-380[*] permitted states to consolidate funds from the innovation portion of Title III of the Elementary and Secondary Education Act with Title V (which was for strengthening state departments of education) and with Title VIII (which was for dropout prevention and school health and nutrition programs). The money was consolidated into ESEA Title IV, and must be used for purposes similar to those authorized by the three consolidated programs. The consolidation is permitted if federal consolidated appropriations for the three component programs exceed a minimum figure; FY 1978 appropriations of $194 million permitted the consolidation.[†]

The ESEA Title III program, "Supplemental Education Centers and Services, Guidance Counseling and Testing," was intended to assist schools in the development and establishment of exemplary elementary and secondary school educational programs to serve as models for the regular school program. To ensure that part of the funds allocated under this program was spent for special education, states were required to spend at least 15 percent of their Title III allotment on education and related services for handicapped children. The language of ESEA Title III made clear that the federal function was one of stimulation: "The Commissioner shall . . . assist in the provision of vitally needed educational services not available in sufficient quantity or quality, and to stimulate and assist in the development and establishment of exemplary elementary and secondary educational programs to serve as models for regular school programs."[*]

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[*] Part C, Section 431.

[†] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Section 13.571, May 1978.

The innovation and stimulation was brought about by the demonstration effect since Title III money was not distributed on a matching basis. The formula used was based primarily on each state's total population between the ages of 5 and 17 years. A reported total of at least 134,047 handicapped youth received a portion of their services under this program in FY 1971.[†]

Under the "Educational Innovation and Support" program which consolidated Titles III, V, and VIII, the rule about spending at least 15 percent of the funds for specific learning disabled and other handicapped children applies to the consolidated total, not just the Title III portion of the consolidated total.[‡] The federal role in this consolidated program is primarily one of stimulation through demonstration, but an estimated 9.4 million children were served under this program in FY 1978.[**] An unknown number of those served are handicapped.

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[*] P.L. 89-10 as amended by P.L. 93-380, Section 310.

[†] Compiled from 1972 Title III state reports to the U.S. Office of Education. Five states (Kentucky, Maryland, Montana, New Hampshire, and Pennsylvania) and the District of Columbia are excluded from this total either because the state report was not available or was inadequately prepared. The program total excludes Texas, which reported serving 375,000 at an average Title III per pupil expenditure of $2.37.

[‡] Frederick J. Weintraub et al., *Public Policy and the Education of Exceptional Children*, The Council for Exceptional Children, Reston, Virginia, 1976.

[**] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Section 13.571, May 1978.

An estimated $22 million in FY 1978 funds were for projects for handicapped children.[*] Special education projects in the consolidated Title IV program stress providing direct services. The projects address areas such as placement of handicapped children in the least restrictive environment commensurate with their needs, the use of resource rooms, diagnostic-prescriptive teaching, individualized instruction, the use of paraprofessionals, the organization of curricula around learning problems, education of the severely handicapped, early childhood education, vocational education, and evaluation.[†]

In our interviews with local special education administrators, three of the five said they would like to see the Title IV special education funds transferred to some special education program. At the state level, three of the four special education directors with whom we talked suggested consolidation of Title IV special education demonstration funds with one or more other federal programs; their specific suggestions are incorporated in the policy options discussed in a later section. The one state special education director who was happy with the Title IV program as it is said that in practice he decides how the Title IV special education set-aside is to be spent in his state. Those who suggested some form of consolidation appeared to have two primary reasons: (1) coordination among special education programs is less than it should be because special education administrators have less control over how Title IV funds are allocated for handicapped children than they feel they should have; and (2) two state administrators felt there was little difference in practice in the types of activities that Title IV and the P.L. 94-142 program support.

School Assistance in Federally Affected Areas--"Impact Aid"

This program primarily provides aid for the maintenance and operation of school districts that are impacted on by the presence of federal installations. FY 1978 appropriations of $770 million helped provide support for the education of 2.45 million children.[*] In computing the federal impact aid a local district is to receive, P.L. 93-380 provides that each handicapped child who is a military dependent, and who is receiving an appropriate special education, shall be counted one-and-a-half times.[†] Extra FY 1977 expenditures for approximately 25,000 handicapped youth were estimated to be $22 million.[‡]

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[*] U.S. Department of Health, Education, and Welfare, "Justification of Appropriation Estimates for Committee on Appropriations, FY 1978 Revised, Education Division," 1977, Vol. 1, p. 23.

[†] National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report,* U.S. Department of Health, Education, and Welfare, 1976.

The rationale for the federal government performing this direct service support function is that the presence of the federal installation results in inequities due to higher local special education expenses without sufficiently higher offsetting local tax revenues. This occurs since the federal land is tax exempt and the federal employee may live on the federal installation and hence pay reduced state and local taxes.

In our interviews with local special education administrators, we found that in four of the five districts the impact aid money generated by handicapped children went into the general fund rather than into a special education account. The general impression we received from the state people was the same--the impact aid money for handicapped children is not controlled by the special education program at the local level.

Early Education for Handicapped Children

The purpose of this demonstration and outreach program is to aid state and local education agencies in developing model preschool and early education programs for handicapped children (aged 0 to 8 years). A total of 214 demonstration projects were funded in FY 1978 to develop models that are applicable to many different handicapping conditions and environmental settings.[*] Each project is supposed to be structured in such a way that other communities can replicate the entire project or certain aspects of the project.

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.478, May 1978.

[†] Frederick J. Weintraub et al., eds., *Public Policy and the Education of Exceptional Children*, The Council for Exceptional Children, Reston, Virginia, 1976.

[‡] "Federal Education Laws: Where the Money is for Handicapped Education," *Education Daily*, February 14, 1978, p. 6.

Projects that have received three years of demonstration funds from this program and that have other sources of funds to continue direct services to children, can apply to this Early Education program for "outreach" funds to assist and stimulate increased early education of handicapped children not directly served by the project. Twenty-four projects received "outreach" funds in 1976.[†]

While this program provides direct services to approximately 25,000 young children[‡] (up from 2000 in FY 1971), the primary purposes of the program are supposed to be demonstration, and dissemination of the results of exemplary experimental preschool and early childhood projects. The federal government pays 90 percent of the projects' costs, and FY 1978 appropriations were $22 million.[‡]

The program is intended to be stimulative, in terms of both its demonstration and its matching effects.

A recent evaluation found the program's services to be effective:

> In summary, the various regression and matching analyses point toward one conclusion: A positive HCEEP program impact in the Personal-Social, Adaptive, Cognitive, and Communication domains. In the Motor domain, there may be a positive program impact, although results are too mixed to say with assurance.
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> . . . viewing all handicapping conditions and domains, it is not uncommon for children to have gained 1 1/2 to 2 times more (from pre- to post-test) than would have been expected in the absence of project experiences.[**]

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.444, May 1978.

[†] National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, U.S. Department of Health, Education, and Welfare, 1976.

[‡] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.444, May 1978.

[**] J. R. Stock et al., "A Summary of the Evaluation of the Handicapped Children's Early Education Program (HCEEP)," paper presented to the 54th annual international convention, Council for Exceptional Children, Reston, Virginia, April 8, 1976.

The program claims an outreach impact on 47,250 children in 525 projects that are complete replications of an Early Education program demonstration project and in 1050 projects that are partial replications.*

In our interviews with local special education administrators, only one of the five had not heard of any results from the program's demonstrations. However, one local official pointed out that he must deal with four programs in the early childhood special education area: (1) his state's program; (2) Headstart; (3) the preschool incentive grant program funded under P.L. 94-142; and (4) the federal early education program. He argued for program consolidation, or at least consistency between the four programs. Two of the five local administrators volunteered that they would like to see all demonstration programs consolidated so as to simplify the grant application process and permit improved dissemination of results.

At the state level, two of the four administrators volunteered the opinion that this program in practice had gone beyond the demonstration stage and currently could be viewed more as direct service support than demonstration (recall that 25,000 children are directly served by this program). They both suggested that the preschool incentive grant part of P.L. 94-142 made direct service support by this early childhood program unnecessary. They also both pointed out that several different "demonstration" programs exist at the federal level; their recommendations for change are discussed in a later section of this report.

Headstart

The Headstart program provides diagnostic, educational, health, nutritional, and other services to preschool-age children from economically disadvantaged families (90 percent of the enrollees' families must have income below the poverty line). The program also provides for training of staff members. A provision in the legislation

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*U.S. Department of Health, Education, and Welfare, *Justifications of Appropriations Estimates for Committee on Appropriations, FY 1977, Education Division.*

authorizing the Headstart program is that at least 10 percent of the preschool-age enrollment opportunities in each state shall be reserved for handicapped children, and that services shall be provided to meet their special needs. At least 33,000 enrollees were to be handicapped in FY 1978 (10 percent of the total of 330,000) and expenditures for those handicapped children should have been at least $62.5 million (at least 10 percent of the $625 million total because serving a handicapped child is more expensive than serving a nonhandicapped child).[*] In FY 1977, over 36,000 handicapped children were served, and they accounted for 13 percent of Headstart total enrollment.[†]

The reservation of the number of positions, rather than the earmarking of money, was a new approach to diverting and assuring money for handicapped children. This potentially assures better accountability because it is easier to count handicapped children than it is to calculate the amount of resources going to a particular group of children.

This reservation of places rather than funds introduces certain incentives for the Headstart Project Director. If handicapped children are more expensive to serve than nonhandicapped children, then more than 10 percent of the funds will be going to handicapped children. Given limited resources, the Project Director has several choices: He or she can serve children with a range of types and severities of handicapping conditions and operate a reduced size project from what enrollment would be in the absence of handicapped children; the handicapped children admitted can be those with the milder exceptionalities and hence less expensive service needs; or, contrary to the intent of the authorizing legislation, handicapped children in the project can be given about the same level of service as nonhandicapped children. The latter case would appear on its face to be far from optimal, although it is probably better to have some service for handicapped children as opposed to none.

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.600, May 1978.

[†] U.S. Office of Human Development Services, *The Status of Children in Headstart Programs*, Department of Health, Education, and Welfare, Washington, D.C., February 1978.

Since this Headstart program, like ESEA Title I, is targeted on economically disadvantaged children, a primary rationale for federal involvement is to redistribute resources from richer to poorer segments of the population, and thereby expand and improve preschool services for economically disadvantaged children. The earmarking of 10 percent of the enrollment positions for handicapped children initially was an attempt to stimulate increases in preschool services for these children. Now that more than 10 percent of those served are handicapped, the program earmarking ensures that they continue to receive their share of the redistributed resources.

The main part of the ESEA Title I program also provides services to a number of handicapped children. While handicapped children can be included in the Title I regulation's definition of educationally disadvantaged children, the program does not earmark a fraction of enrollment positions or dollars for handicapped children. Thus, the federal government is taking different approaches with economically disadvantaged children of different ages.

Our interviews with state and local special education administrators suggested one significant problem. Education personnel we talked with said improved cooperation and coordination between Headstart projects and the public school system is needed. The Headstart program in general was said to be too independent and to not tie in well with the public school system's programs.

Another area of concern mentioned by three interviewees was the concentration in Headstart on serving speech impaired* and other mildly handicapped children rather than concentrating on the more severely handicapped children who have greater need for preschool services.

Centers and Services for Deaf-Blind Children

This program is aimed at a special target group of handicapped children who are both deaf and blind. Regional centers, or single state centers for larger states, are established to help provide all deaf-blind children with comprehensive diagnostic and evaluative services; a program for their education, adjustment, and orientation; and consultative services for their parents, teachers, and others involved in their welfare. Centers for deaf-blind children in practice provide personnel training plus technical assistance to other agencies. The program funds contracts with those other agencies that actually provide the direct service to the deaf-blind children.

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*The primary handicapping condition of 50.4 percent of the children in Headstart in FY 1977 was "speech impaired" (ibid).

An increase in the prevalence of deaf-blind children (though still a very low incidence population) was brought about in part by the rubella epidemic of 1964-65 and left many children without access to appropriate educational services. Services were available to some deaf and some blind children, but sensorially multihandicapped children added another dimension of complexity to the education process. The federal program of ten regional centers for deaf-blind children was an attempt to overcome this gap in service to this severely handicapped group. An estimated total of 2300 were served in FY 1971.[*] The FY 1978 appropriations of $16 million resulted in some services to 4400 children with full or part-time educational services, and to 175 children at home.[†] About two-thirds of the population is served and by 1981 the federal plan calls for reaching 100 percent of the population.[‡] In addition to direct services to children and counseling of their families, in 1976 approximately 3000 teachers and aides were provided in-service training relative to serving deaf-blind children.[**] The extremely low prevalence of this handicap, and hence the geographic dispersion of the target population, make it difficult for many states to individually provide quality services to this handicapped group, and to provide those services at a reasonable cost. By providing regional centers and direct service contracts, the federal government is attempting to capture economies of scale in formulating and operating a program for educating these children.

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[*] U.S. Congress, House Subcommittee of the Committee on Appropriations, *Hearings, Part 2, Office of Education and Special Institutions*, 92nd Congress, 2nd Session, 1972, p. 420.

[†] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.445, May 1978.

[‡] U.S. Office of Education, *Forward Plan FY 1977-1981*, July 22, 1975, p. 8.

[**] U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1977: Education Division*.

This program received mixed reviews by the state and local people we interviewed. Two of the four states' special education directors recommended keeping the program but two were not happy with it. One complained that his state got minimal services beyond inservice training of personnel. One was negative and cited red tape, high management costs, and few benefits as the reasons for his dissatisfaction. He said most states, including his state, are large enough that they don't need to participate in a multistate regional program, and that the smallest states could voluntarily cooperate if necessary. (Note that states are not required to participate in a multistate regional program.) He indicated that if a federal regionalized program for deaf-blind children is justifiable, so are programs for other very low incidence populations such as severely autistic children.

The local people we interviewed also had mixed reviews of this deaf-blind program. Two of the five had no deaf-blind children and hence no comments. One district had had a deaf-blind child in the past and said the program provided excellent help when needed. Two districts currently serve deaf-blind children: One receives no help from the program and the other said the only benefit they receive is through attendance at two conferences put on by the program.

Severely Handicapped

This program awards contracts for up to three years to demonstrate programmatic practices to meet the educational and training needs of severely handicapped children and youth. With FY 1978 appropriations of $5 million, a total of 1860 children participated in approximately 40 projects.* A total of 300 staff members were estimated to have received inservice training in FY 1978.* In addition, indirect services

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*U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.568, May 1978.

were provided to approximately 300 severely handicapped children and 120 professionals through outreach efforts of validated programs.[*] Program estimates are that of 1.4 million severely handicapped youth ages 0-19 years, only about 366,000 were receiving special educational services from federal, state, and private sources of funding.[†]

The primary intent of this demonstration program is to stimulate improved services for severely handicapped youth, a high priority target group under the P.L. 94-142 program. All projects are to contain both a replicable model demonstration program providing direct services, and a strategy to widely disseminate exemplary project results to both professional and other personnel.

The program is not intended to support R&D or personnel preparation other than through inservice training.

The interviews we conducted with local personnel revealed an apparent lack of knowledge by local special education administrators about the program, e.g., three of the five local districts said they had never heard of the program.

Vocational Education

The Vocational Education Act provides that 10 percent of the federal basic grant funds allocated to each state must be spent on handicapped youth. Basic grant funds are used to maintain, extend, and improve vocational education in various types of schools including high schools, state-operated schools for handicapped youth, community colleges, and area vocational schools. The basic grant program requires a 50 percent matching with state and/or local funds, although prior to FY 1978 the 10 percent set-aside of federal funds did not have to be matched with a comparable state and/or local *set-aside* for the handicapped. Federal funds are distributed by a formula based on the state's population aged 15-65 years and per capita income in the state. The Vocational Education Act also has a teacher training component.

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[*] Ibid.

[†] Office of Planning, Budgeting, and Evaluation, *Annual Evaluation Report on Programs Administered by the U.S. Office of Education, FY 1976*, Department of Health, Education, and Welfare, Washington, D.C., 1977.

The term "vocational education" means:

> . . . organized educational programs which are directly related to the preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree; and, for purposes of this paragraph, the term "organized education program" means only (A) instruction related to the occupation or occupations for which the students are in training or instruction necessary for students to benefit from such training, and (B) the acquisition, maintenance, and repair of instructional supplies, teaching aids and equipment; and the term "vocational education" does not mean the construction, acquisition or initial equipment of buildings, or the acquisition or rental of land.[*]

A total of 221,342 handicapped youth were served in FY 1972.[†] In FY 1977, of the estimated 17,596,000 students enrolled in vocational education, approximately 310,000 or 1.8 percent were handicapped and were provided with special services.[‡] At least 10 percent of the $482 million federal FY 1977 appropriations, or $48.2 million, were to go for service to handicapped persons.[**] Since the 50:50 state and local match for the basic grant was not required to be set-aside for the handicapped in FY 1977, the amount that should have gone for service to handicapped people was at least $48.2 million, which equals about $155 per handicapped person served. While 1.8 percent is far less than the 9 to 12 percent of the student population who are handicapped, it is not clear what percent of handicapped students require special vocational education services as part of their "appropriate" education. In

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[*] P.L. 94-482, Section 202.

[†] Letter from H. F. Duis, Program Support Branch, DHEW/OE/BAVTE, to J. S. Kakalik, The Rand Corporation, May 9, 1973.

[‡] U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1977: Education Division.*

[**] U.S. Office of Management and Budget, *Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.493, November 1976.

FY 1978, appropriations of $413 million went for services to an estimated 15.7 million students under the basic grant program.[*]

The Vocational Education Act requires that cooperative arrangements be made for coordinating activities among the state vocational education agency, the state special education agency, the state vocational rehabilitation agency and other state agencies with responsibility for educating handicapped people. At the federal level, the vocational education funds are subject to fiscal and legal management through the O.E. Bureau of Occupational and Adult Education, but the Bureau of Education for the Handicapped is to cooperate to help ensure coordinated programming.

The rationale for this vocational education program is primarily that of stimulating expanded and improved vocational education services. The teacher training component of the program can be justified by the externality of benefits argument that applies for all education and related service personnel training programs.

A recent study of vocational education programs for handicapped students found few examples of individualized instruction at the project level and found that about 70 percent of the students enrolled were in special classes. Two constraints on placement in regular vocational classes were said to be the reluctance of teachers to accept handicapped students and the inability of regular teachers to instruct handicapped students. The study also noted that two-thirds of the training was "nonskills training, that is, training not intended to prepare students to compete in the open labor market in any given skill, craft or trade." However, only about 15 percent of those completing the program were unemployed, while 33 percent reenrolled in some type of educational program, and the remainder were employed.[†]

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.493, May 1978.

[†] Office of Planning, Budgeting, and Evaluation, *Annual Evaluation Report on Programs Administered by the U.S. Office of Education, FY 1976*, Department of Health, Education, and Welfare, Washington, D.C., 1977, pp. 390-399.

The vocational education set-aside of 10 percent of the federal basic grant funds for handicapped children, as well as other provisions of the Vocational Education Act that are intended to help assure handicapped children can participate in vocational education, do not appear to have been completely successful. The National Advisory Committee on the Handicapped recently noted that "there has been a significant gap between what the law seems to call for and what the handicapped actually receive."[*]

A recent report to Congress found:

> To maximize their chances for self-sufficiency, the handicapped need the wide range of vocational offerings available only in the school system's regular vocational programs. Rather than improving the capability of regular vocational education programs to accept the handicapped, HEW-funded programs mainly support projects that segregate handicapped students and offer them only a limited choice of vocational opportunities.[†]

Post-P.L. 94-142 assessments of the extent of integration of handicapped students into regular vocational education programs are not yet available.

In our interviews with state and local special education administrators, one apparent problem stood out. Four of the five local and two of the four state administrators said they believed handicapped children were not getting their fair share of vocational education funds and services in their states and localities. While one local special education director said that the vocational and special education programs were integrated and working well in his district, the general thrust of comments from the rest was that vocational education should be required to accommodate handicapped children, including severely handicapped children, and to serve them in the least restrictive environment.

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[*] National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, U.S. Department of Health, Education, and Welfare, 1976.

[†] Comptroller General of the United States, "Training Educators for the Handicapped: A Need to Redirect Federal Programs," U.S. General Accounting Office, Report B-164031(1), Washington, D.C., September 28, 1976.

Regional Post-Secondary Education

This $2.4 million program provided funds in FY 1978 for 13 projects for post-secondary vocational, technical, and adult education of deaf and other handicapped people. Approximately 2654 handicapped people were served in FY 1978,[*] of which 800 were retarded and 786 were deaf or hard of hearing.[†] Priority is given to multistate regions and large population centers. The program provides support services for handicapped persons enrolled in institutions of higher education, including junior and community colleges and vocational and technical schools. The goal is "to stimulate the development and operation of 'specially designed or modified programs of vocational, technical, post-secondary, or adult education for deaf and other handicapped persons.'"[‡]

Note that an economy of scale argument can be used to rationalize federal support of multistate regional special education programs for low incidence populations such as older deaf youth desiring a college education, or deaf-blind children and youth. Such a rationale does not apply, however, to higher incidence groups of handicapped people who are sufficiently prevalent to permit states to individually and economically mount an appropriate special education program for the group. For those higher prevalence groups, the rationale for federal involvement would be demonstration of effective service models to stimulate states to act. At the low FY 1978 level of funding, the program cannot be justified as basic service support necessitated by inability of lower levels of government to provide the necessary funds.

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.560, May 1978.

[†] Office of Planning, Budgeting, and Evaluation, *Annual Evaluation Report on Programs Administered by the U.S. Office of Education, FY 1976*, Department of Health, Education, and Welfare, Washington, D.C., 1977.

[‡] National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, U.S. Department of Health, Education, and Welfare, 1976.

Only one of the local education agency personnel we interviewed had heard of this program, and he indicated that his district received nothing of value from the program. This is to be expected because the program has a post-secondary focus. The state personnel had typically heard of this demonstration program, but did not have strong feelings either way about it.

Higher Education: Special Services to Disadvantaged Students

Grants are made to accredited educational institutions to encourage and assist disadvantaged students to complete their post-secondary education. FY 1978 appropriations for this program were $47 million.* The target population includes low-income students, those with physical disabilities, and those of limited English-speaking ability. An estimated 94,000 students received aid,* of which 4.6 percent (approximately 4300) received the benefit of "special activities for the physically disabled."†

Assuming expenditures are proportional to the number of students served, then about $2.2 million of the total of $47 million went for physically handicapped students.

The federal government, whose primary function in this program is to redistribute resources from the general taxpaying population to the disadvantaged population, is apparently attempting to correct underinvestment in education for these students in earlier years of their elementary and secondary education. For those students with physical disabilities who receive special services more due to current need rather than due to past underinvestment in their education, the primary function of the program appears to be direct service support.

Two of the four state special education directors we interviewed said they were not familiar with this program. The only substantive comment we received was that the funding level is so small that most

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*U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.482, May 1978.

†U.S. Office of Education, "Work Statement for RFP 78-61, Evaluation of the Special Services for Disadvantaged Students Program," RFP 78-61, Washington, D.C., 1978, Attachment C, p. 2.

post-secondary students with physical disabilities who need special services cannot receive them from this program.

Gallaudet College

The federal government sponsors Gallaudet College[*] in Washington, D.C., which provides an undergraduate and graduate program for deaf individuals, a graduate school program in the field of deafness, and adult education for deaf people.

The federal government also operates the Kendall School for Deaf Children, which is a preschool program, and the Model Secondary School for the Deaf.[†] Both are located in Washington, D.C., and not only provide basic educational services to their students, but are also used for research and demonstration on methods of teaching deaf children.

In creating and supporting both Gallaudet College and the National Technical Institute for the Deaf discussed in the next subsection, the federal government has in a sense nationalized higher education for deaf students in order to achieve economies of scale in serving this very low incidence target population. The federal government has not precluded other levels of government from providing this service either by providing separate special programs or by providing special supplementary services to enable deaf students to function well in regular post-secondary institutions. However, apparently there are not enough deaf persons at the individual state level to lower the average costs to state agencies to reasonable levels or to enable them to offer a greatly diversified post-secondary educational program at the state level.

Support for the Kendall School and the Model Secondary School can be justified by the externality argument that applies to all R&D. Research into better practices in teaching deaf children obviously has payoffs to all states, and any single state would be likely to underinvest in such R&D because that state would not reap all the benefits resulting from such research. Association of these two schools with

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[*] P.L. 83-240.

[†] P.L. 89-694.

Gallaudet College should enhance the effectiveness of all three programs because of the economies of scale and the concentration of a large number of experts on deafness and service to deaf individuals in one location.

In 1971 the number served at Gallaudet was 1583; the number at Kendall was 208; and the Model Secondary School was being planned.[*] The number served in 1978 was approximately 2000 at Gallaudet, 210 at Kendall, and 350 at the Model Secondary School.[†]

Fiscal Year 1978 appropriations were $65.1 million: $20.1 million for Gallaudet; $8.3 million for the Model Secondary School; $3.9 million for Kendall; and $32.8 million for construction.[†]

National Technical Institute for the Deaf

Created by P.L. 89-36 in 1965, the National Technical Institute for the Deaf is located at the Rochester Institute of Technology and specializes in post-secondary school training of deaf people to prepare them for employment. NTID also prepares professionals to serve deaf people and conducts research. The primary rationale for federal creation of this program is the same as the economy of scale argument discussed above for Gallaudet College.

In 1971 the number of students served at the Institute was 395.[‡] The number of full-time equivalent students in FY 1978 was 1070.[**] Fiscal Year 1978 appropriations were $16.8 million.[**]

The state personnel we interviewed were generally happy with both Gallaudet and NTID. One recommended expansion is to include a West Coast site for each. At the local level, one person pointed out that Gallaudet and NTID were good resources of "technical assistance" information on the education of deaf students.

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[*] J. S. Kakalik et al., *Services for Handicapped Youth: A Program Overview*, The Rand Corporation, R-1220-HEW, May 1973.

[†] U.S. Office of Management and Budget, *The Budget of the United States*, Appendix, p. 459.

[‡] J. S. Kakalik et al., *Services for Handicapped Youth: A Program Overview*, The Rand Corporation, R-1220-HEW, May 1973.

[**] U.S. Office of Management and Budget, *The Budget of the United States Government, FY 1979*, Washington, D.C., 1978, Appendix, pp. 458-459.

FEDERAL PROGRAMS TO PROVIDE INSTRUCTIONAL SUPPORT

The federal government also supports programs that provide resources for the education process, as opposed to direct support of that process.

Personnel Preparation

To increase the number of teachers and other personnel with specialized knowledge about education of handicapped children, Part D of the Education of the Handicapped Act provides funds for programs for training personnel currently engaged or preparing to engage in teaching or providing related services for handicapped children, and provides financial assistance to students pursuing a career in special education.

Federal sponsorship of this program directed at increasing the supply of trained personnel is an example of the recognition of the externalities involved in producing teachers and related service personnel. Highly trained personnel are mobile. If one state produces teachers and other specialized personnel who eventually migrate to other states, they receive smaller benefits for their investment. Federal support helps to offset this reduction in benefits by also reducing the cost of production of trained personnel. Most new special education professionals are trained in programs supported by the federal government. In FY 1970, 17,731 students finished training under programs supported by the U.S. Bureau of Education for the Handicapped.*

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*U.S. Office of Management and Budget, *Catalog of Federal Domestic Assistance*, Section 13.451, update to 1972 issue. Another federal program, authorized by the Educational Professions Development Act, P.L. 90-30, can sponsor both student fellowships and grants to colleges for personnel training programs in the area of child development and special education for handicapped children. This program is aimed at producing many different types of trained education personnel, not just those in special education. The overall program has been scaled down in recent years, however. As the FY 1977-1981 Office of Education *Forward Plan* (dated July 23, 1975) indicates, "the continuing teacher surplus has eliminated the justification for large scale support of pre-service training, at least at this time." That same plan notes the continuing need for training specialized talent in shortage areas, including both pre-service and inservice training related to the education of handicapped children. The *Forward Plan* suggests, for efficiency reasons, that those activities be part of the handicapped programs rather than aggregating them under a single broad authority such as the Education Professions Development Act.

The FY 1978 funding level for personnel preparation under Part D of the Education of the Handicapped Act was $45.4 million; approximately 47,000 individuals were trained.[*] Priority training areas are: early childhood education, education of severely handicapped children, training of paraprofessionals, physical education and recreation training, vocational education, interdisciplinary personnel training, general special education, training of regular educators, post-doctoral training, and development of new instructional models for training.[†] Funds can be used for the training of teachers, supervisors, administrators, researchers, teacher educators, speech correctionists, and other special services personnel such as specialists in physical education and recreation, music therapy, and paraprofessionals.[†] Funds are used for pre-service training of special educators (approximately $19 million and 6000 personnel in FY 1978), for inservice training of special educators (approximately $13 million and 22,000 personnel), for special education training for regular classroom teachers (approximately $9 million for training of 13,000 teachers), and for development and dissemination of improved instructional models for training (approximately $5 million and 4000 personnel trained).[‡]

For FY 1979, the Bureau of Education for the Handicapped requested a $10 million increase over FY 1978 appropriations, with the "entire $10,000,000 increase for this program [to] be allocated to provide inservice training to regular education teachers who anticipate more interaction with handicapped children."[**]

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[*] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.451, May 1978.

[†] U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1979: Education Division.*

[‡] Committee on Appropriations, U.S. Senate, Hearings on "Departments of Labor and Health, Education, and Welfare and Related Agencies Appropriations for FY 1978," 95th Congress, 1st Session, Washington, D.C., Part 3, 1977.

[**] Dr. Edwin Martin, Deputy Commissioner for Education of the Handicapped, statement to the Committee on Appropriations, U.S. House of Representatives, 95th Congress, 2nd Session, *Hearings on the Departments of Labor and Health, Education, and Welfare Appropriations for 1979*, Washington, D.C., 1978, Part 5, p. 249.

State and local agency personnel we interviewed had a mixed opinion about this personnel preparation program. Some thought it was excellent and some said they had no contact with the program. The point most consistently made was that more help and emphasis are needed in the area of inservice training of both regular and special eduators to work with handicapped children placed in a regular class all or part of the school day. One wanted local control of training funds so that he could use the funds on the types of training needed most in his district. Another said he has funds for inservice training of his local teachers, but he needs technical assistance because he doesn't know effective ways of training them. Another pointed out that universities have been the principal recipient of these funds in the past, and it is very difficult to get universities to shift the use of the funds from well established pre-service training programs toward the inservice training programs that are currently more needed.

Recruitment and Information

The program, established under Part D of the Education of the Handicapped Act, has two distinctly different purposes: (1) to encourage people to enter occupations in the field of special education; and (2) to disseminate information and provide referral services for parents and other interested persons to help them locate appropriate educational services for individual handicapped children. With FY 1977 funds of only $1 million, the program was concentrating predominantly on its second "information and referral" purpose.[*] Less than 5 percent of the funds went for special education personnel recruitment. In FY 1978, funding continued at the same $1 million level.[†]

At the national level, the largest component of the information and referral effort is known as "Closer Look," operated through the Special Education Information Center. The Center uses national radio and television to advertise the availability of its information and referral services. Each inquiry to the Center receives an individual response. In 1976 the Center received about 50,000 inquiries, about half from parents of handicapped children.*

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[*] U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1979: Education Division.*

[†] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance,* Washington, D.C., Section 13.452, May 1978.

The Center staff also develops and distributes informational materials (a newsletter reaches about 200,000 parents), and provides technical assistance about information and referral services to a wide variety of state, local, and private agencies.*

To stimulate the establishment of local information and referral units, in FY 1978 this national program was providing assistance grants for the establishment of local information units, as well as technical assistance to agencies interested in establishing such units.†

The only major comment made about this program by the state and local special educators we interviewed was that information and referral services should be provided locally. It was suggested that parents and friends of handicapped children would be much more apt to call or write a local agency than the federal government in Washington, D.C. One suggested having the federal government role limited to technical assistance in this area. For example, the federal government could develop short television and radio films and tapes, and disseminate them to states and local agencies who would insert a local contact number before airing the brief tape. This could result in a very high quality local "closer look" program.

Regional Resource Centers

Sponsored under Part C of the Education of the Handicapped Act, these 16 centers advise and offer technical services to personnel for improving the education of handicapped children. The emphasis is on the development and application of exemplary handicapped child

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*National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, and U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1977: Education Division.*

†U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1979, Education Division.*

identification, appraisal, and individualized education programming practices.[*] In addition, in FY 1978, the program funded 25 Direction Centers (a one-stop source of information and referral to match the child's needs with available services).[†]

Centers' activities include support of demonstration models, training of personnel, dissemination of information, testing and evaluation of children, development of educational programs for referred children, and collaborative efforts with the media centers described elsewhere in this section.[‡]

In FY 1978, approximately 40,000 handicapped children were being provided with diagnostic and educational programming services. A major activity of the Centers is the provision of technical assistance to states in the area of "Individual Educational Program" development for handicapped children. The FY 1978 budget was $9.75 million.[†]

One rationale for having a separate federal program focusing on appraisal and prescriptive services is that these services have been relatively neglected and underdeveloped in the past.[**] Thus, the program is primarily stimulation of improvement and expansion of these two services through demonstration, personnel training, and dissemination of information. There should also be economies of scale achieved by providing such stimulation through regional centers rather than through every state.

The state special education directors we interviewed generally felt this program was fine, although one suggested consolidating these funds into the basic P.L. 94-142 grant. The local special education administrators generally indicated they need more technical assistance than they are getting on identification, appraisal, and IEP development practices. Of the five local districts we visited, one said he had received some help from this program in the past, one said his district supplies more expertise to the Regional Resource Center than it supplies to his district, and three did not think they had received any help directly from this program (although they may have received technical assistance through the state from this program).

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[*] U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1979, Education Division.*

[†] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.450, May 1978.

[‡] The essential difference between the Regional Resource centers and the media centers is that the former focus on appraising and prescribing special educational needs of children while the latter focus on media and materials.

[**] Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979.

Handicapped Media Services and Captioned Films for the Deaf

Part F of the Education of the Handicapped Act makes available a free loan service of captioned films and instructional media to the deaf. It also provides services to all types of handicapped people by acquiring and distributing educational media, materials, and equipment, by assisting with training of teachers and others in media use, and by funding media-related research. Fiscal Year 1978 appropriations were $19 million.*

The National Center on Educational Media and Materials for the Handicapped and depositories around the country can be of assistance to local education agencies in supplementing their media inventory. The program's Area Learning Resource Center Network provides media and materials, as well as demonstrations and technical assistance to states regarding educational media and materials. A total of 130 television stations broadcast a newscast captioned by this program five nights a week. Fiscal Year 1978 appropriations included $0.5 million for recordings for the blind and print handicapped.†

The primary rationale for federal involvement in this area is the economy of scale that can be achieved. The involvement in media research and personnel training in media use is primarily justified based on the same internalization of externalities argument that is used to support all federal research and personnel training programs.

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*U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.466, May 1978.

†U.S. Department of Health, Education, and Welfare, *Justifications of Appropriation Estimates for Committee on Appropriations, FY 1979: Education Division.*

Of the four state special education directors we interviewed, one said the program was good, two said their states received little help from the program, and one felt the funding level was too low for the program to be effective. Two of the local district's special education directors said the program was good, and two others said they had no contact with the program.

Note that this is only one of three federal programs providing materials for visually handicapped people. The other two such programs are the American Printing House for the Blind and the Library of Congress' Books for the Blind and Physically Handicapped program.

American Printing House for the Blind

An 1879 federal act created this private nonprofit institute which manufactures and distributes educational materials and apparatus nationwide to blind and multiple handicapped students at less than college grade level. The APHB works in cooperation with the previously described Media Services and Captioned Films program. Federal expenditures under this program were $1.6 million in 1972, and $3.5 million were appropriated for FY 1978.* The APHB also received revenues from a number of other sources. Approximately 31,000 students were served in FY 1978.* This national level production of educational materials for blind people primarily is justified by the economies of scale achieved in such manufacture.

The states and local district special education directors we interviewed were all favorably inclined toward this program, except one state director who felt the materials provided were often outdated.

Library of Congress: Books for the Blind and Physically Handicapped

A media program run by the Library of Congress provides free loan books and magazines in Braille and on records and tape for blind and physically handicapped people. This material is distributed to libraries throughout the country for circulation to individual readers. The

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*U.S. Office of Management and Budget, *The Budget of the United States Government, FY 1979*, Washington, D.C., 1978, Appendix, pp. 457-458.

program reached some 120,000 readers in 1969,[*] and was reaching an estimated 571,000 annually in FY 1977.[†] Appropriations in FY 1978 were $28.9 million.[†] Federal involvement in this program is called for because of the economies of scale that are available in the production of media.

The state and local special education directors we interviewed were favorably inclined toward this program. One state director pointed out, however, that this program is not of major concern to education agencies because it is primarily targeted on adults and not on school-age clientele.

FEDERAL RESEARCH PROGRAM

A significant percentage of the money devoted to education of handicapped children could be classified as research. For example, in model demonstration projects under ESEA Title IV, the Early Childhood program, and several other of the "stimulation" programs, much of the innovation work could be classified as development. For the purposes of this section, however, we limit the discussion to the one program whose primary purpose is research.

Handicapped Education Research and Development

Part E of the Education of the Handicapped Act provides grant funds for research and development purposes.

R&D project grants are made to improve the educational opportunities of handicapped children, as well as to improve physical education and recreation programs for these children. Dissemination of the results of R&D are considered to be an important part of the program. Project grants cover a wide range of areas, including early childhood education, full school services, career education, severely handicapped education, and personnel development.

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[*] Nelson Associates, Inc., *A Survey of Reader Characteristics, Reading Interests, and Equipment Preferences*, Washington, D.C., 1969, p. 111.

[†] U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Section 42.001, May 1978.

The federal role in research is justified by the concept of internalizing externalities. That is, research has benefits nationwide, yet costs about the same whether funded by local, state, or federal governments. Since some of the benefits of a research project will accrue external to any single state or locality, single states and localities might underinvest in research compared with the federal government. Those benefits which are external to single states, however, are internal when viewed from the federal level. Hence, on a cost-benefit basis, the federal government can justify a higher research budget than can lower levels of government. The federal government in this case acts as a consortium of states in funding needed research and then sharing the research results.

Fiscal Year 1978 appropriations were $20 million, and approximately 130 projects were awarded funds.* Special studies authorized by Congress added another $2.3 million in evaluation and research-related funding.

The local special education directors we interviewed made two general comments. First, three of the five had not seen any results and they would like to see greater dissemination of the products of R&D. Second, two of them said they see several different programs funding research and demonstrations without benefit of coordination. There seemed to be an equating of research and demonstration in their minds, even though these are two very different activities (one seeks new knowledge and the other demonstrates good ways of providing services).

The state special education directors we interviewed were generally satisfied with the program, although one noted he would like to see more research aimed at the question, "How effective is this type of special education for that type of handicapped child?"

A clue to understanding the dissemination problem mentioned by local district personnel came in a state director's comment that he is sent research results regularly about this program but he doesn't

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*U.S. Office of Management and Budget, *1978 Catalog of Federal Domestic Assistance*, Washington, D.C., Section 13.443, May 1978.

have time to read them and never passes them on to local education agencies.

IV. NEEDED IMPROVEMENTS IN FEDERAL PROGRAMS

The previous section described each federal program concerned with the education of handicapped children, defined the federal role and functions for each program, and described the rationales for federal involvement. The comments of some state and local special education administrators on problems with the programs were also presented. This section discusses some of the policy options for resolving the problems with current federal programs, along with arguments for and against the various options.

Rather than discussing needed improvement in each program separately, we found it useful to group certain programs together as shown in Table 4 and discuss policy options for the group. In addition, each group of programs is discussed in relation to the dominant federal special education program, P.L. 94-142.

While education is primarily a nonfederal responsibility, the lack of equal educational opportunity for handicapped children is the primary rationale for federal involvement. Recall that a major assumption made at the beginning of this study was to use the objectives and priorities of the federal government, as stated in the *Code of Federal Regulations* and in P.L. 94-142. Thus, given those stated objectives, certain alternative policy options and federal roles cannot be seriously considered in this report because it is clear that those objectives cannot be achieved within the time frame mandated in P.L. 94-142 with these federal roles: (1) a "knowledge role" with federal activity restricted only to research, coordination, and dissemination of information; and (2) a "knowledge and stimulation role" with federal activity restricted only to research, coordination, and dissemination of information *plus* funds for demonstration projects and other activities to stimulate states to expand and improve services. It is our belief that the federal objectives can only be achieved if the federal government adopts an active hybrid role involving knowledge and stimulation, *plus* basic service support. The reasoning behind this conclusion is summarized in this section.

Table 4

PROGRAM GROUPS

Type of Program Group	Programs
Basic Service Support	EHA-B (P.L. 94-142) ESEA Title I (P.L. 89-313)
Set-Asides in Programs for other Target Populations	Headstart Federal Impact Aid Vocational Education
Demonstration Projects	ESEA Title IV Early Education Severely Handicapped Regional Post-Secondary Education
Deaf-Blind	Deaf-Blind Services
Higher Education	Gallaudet NTI for Deaf Higher Education: Special Services to Disadvantaged
Personnel Preparation	Personnel Preparation
Educational Media and Materials	Media Services and Captioned Films Amer. Print. House Blind Library of Congress
Information and Technical Assistance	Regional Resource Centers Recruitment and Information
Research	Handicapped Research

BASIC SERVICE SUPPORT PROGRAMS

The two major federal programs that provide basic service support for the education of handicapped children are the P.L. 94-142 grant program ($327.5 million for FY 1978, advance funded from FY 1977) and the P.L. 89-313 state operated and state supported institutions program ($121.6 million in FY 1978).

There are several rationales for the federal government being involved in basic service support for handicapped children's education.

In passing P.L. 94-142, Congress cited inadequate state and local resources as well as a civil rights argument (to assure "equal protection of the law") as justifications. When created, the P.L. 89-313 program was intended to stimulate improved services to handicapped children in state operated and state supported institutions; now that the stimulation has been effective, it subsidizes the existing services.

The main problem with the P.L. 89-313 program is that it is hard to justify having two different basic service support programs that provide substantially different amounts of funding to severely handicapped children depending on which agency serves them. Now that nearly all handicapped children in state operated and state supported schools and institutions are receiving special educational services and the law mandates appropriate service for all handicapped children, the original service stimulation justification for P.L. 89-313 has much less validity. In addition, a recent GAO report was critical of the program, citing a need for better federal direction for the program and a problem of "fragmented, limited, and complicated" program management.*

Overall, our impression is that state and local agencies are making strong efforts to improve their special education programs in compliance with the P.L. 94-142 mandate that all handicapped children be provided a free appropriate public education. Nonetheless, P.L. 94-142 has the usual number of implementation problems that accompany any major piece of new legislation: for example, local districts felt the child count dates and procedures yielded numbers that were not fully representative of the average number of children served (the child count date was changed in 1978 in response to this problem); and state education agencies are having difficulty supervising and coordinating special education services in other state agencies.

While other issues are also extremely important, in our view the most imperative issue area in 1978-1979 is finance and the insufficiency of funds to implement court ordered and legislatively mandated special education services, and hence provide equal educational opportunity for all handicapped children.

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*Comptroller General, "Federal Direction Needed for Education of Handicapped Children in State Schools," U.S. General Accounting Office, Report HRD-78-6, Washington, D.C., March 16, 1978.

As the National Advisory Committee on the Handicapped indicated in its 1976 report: "the basic overriding need is of course to close the gap that sees half of the nation's handicapped children not receiving an education appropriate to their needs."[*] Existing laws are not ideal in every respect, but the provision of special education is inhibited more today by lack of funding than by lack of legislation.

From the federal viewpoint, a major issue is: What should the federal role be in financing special education? The 1975 Education for All Handicapped Children Act represents a major potential shift in the federal funding role in education. If P.L. 94-142 appropriations match authorizations, the federal government share of special education excess costs would rise from the current 14 percent to at least 40 percent (assuming special education costs approximately twice as much as regular education). Total 1982 appropriations under P.L. 94-142 would be over $3 billion, more than is currently spent on Title I of the Elementary and Secondary Education Act.

Since providing the P.L. 94-142 mandated appropriate special educational services to all handicapped children and youth prior to 1980 requires substantial increases in both funds and trained personnel, it is questionable whether the resources can be marshaled in time to meet the deadline. An August 1976 survey of State Legislature education committee chairmen found only 26.5 percent saying "yes," they could meet the goal, while 12.2 percent said "no" and the remainder were not sure.[†]

Four 1976 conferences of state policymakers concerned with P.L. 94-142 concluded that

> full implementation will be difficult to achieve within the specified time period. . . . A primary issue is the early

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[*] National Advisory Committee on the Handicapped, *The Unfinished Revolution: Education for the Handicapped, 1976 Annual Report*, U.S. Department of Health, Education, and Welfare, 1976.

[†] National Conference of State Legislatures, *Press Release on State Education Committee Chairmen Survey on School Finance*, Washington, D.C., 1976.

> deadline of 1980 to achieve a free and appropriate education for all handicapped children. . . . It seems improbable that deficits incurred over a history of schooling can be removed over a short time period.*

In our interviews with state and local special education administrators, we found that their two predominant concerns with P.L. 94-142 were (1) if the funds needed to implement the mandates in the law will be available and (2) if the significant expansion and improvement in special education mandated by the law can be implemented well within the deadlines specified by the law.

Arguments supporting four policy options for these basic service support programs are discussed below.

Basic Service Support Option 1

Continue the P.L. 89-313 and P.L. 94-142 programs legislatively and budgetarily unchanged.

Some people argue that special education is in a stage of rapid expansion and improvement, and that more experience should be gained from the P.L. 94-142 program as it is implemented before making changes. It can also be argued that while P.L. 89-313 provides substantially greater funds per child than P.L. 94-142 does now, the gap probably will narrow with time, and it will be less disruptive on the state service systems to change the P.L. 89-313 program later.

The arguments against this option are the same as those arguments supporting the options discussed below.

Basic Service Support Option 2

Increase the P.L. 94-142 appropriation level to that authorized, while continuing the P.L. 89-313 program legislatively and budgetarily unchanged.

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*Ian McNett, ed., *The Education for All Handicapped Children Act, P.L. 94-142, A Summary and Analysis of Four Regional Conferences*, The Consortium on the Education for All Handicapped Children Act, Institute for Educational Leadership, The George Washington University, Washington, D.C., 1976.

Principal arguments in favor of this increase are: (1) Parents we interviewed overwhelmingly point to special education as their child's most important need; (2) these increases would reduce the inequity of present service delivery by helping state and local agencies to serve all handicapped children appropriately; (3) the courts and federal legislation have mandated such service as a "right"; (4) special education appears to be cost-beneficial in an economic sense, as well as humanitarian, for the less severely handicapped; and (5) such assistance appears to be justifiable on humanitarian grounds for the more severely handicapped.* The principal arguments against this increase are the cost, and the hope that court orders as well as P.L. 94-142 and Section 504 regulations will be sufficient to make state and local agencies find the funds to serve all handicapped children appropriately.

In this policy option with respect to funding under P.L. 94-142, a relatively large increase of federal appropriations would be made to meet the intent of the law. In this case the federal government would be funding a more significant portion but still not the majority of the excess cost of special education. Initially the federal funds would go primarily for expanding services to the unserved and the inadequately served handicapped children. In the event that federal appropriations do not approach the level of those authorized under P.L. 94-142, then it is possible and even probable that all states and localities will not be able to provide free appropriate public education to all handicapped children by the dates mandated in the law.

The federal government could adopt the "status quo" policy option 1 discussed above, providing only very modest increases over FY 1978 levels, and setting P.L. 94-142 appropriations well below the levels authorized in the law. That "status quo" option, however, would probably cause some states and localities to demand changes in P.L. 94-142 to remove some of the controls and mandates on service delivery. The

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*Garry D. Brewer and James S. Kakalik, *Handicapped Children: Strategies for Improving Services*, McGraw-Hill, New York, 1979.

states generally agree with the intent and objectives of P.L. 94-142,* but do not necessarily like all of the detailed methods prescribed for reaching those objectives, and do not want to have to fully implement all features of the law in the absence of substantial federal funds to help them to do so. The rather strong P.L. 94-142 regulations are not likely to be accepted in practice or seen as legitimate by states and localities in the absence of substantial federal funding to help implement the mandated improvements in special education. The FY 1978 level of federal financial effort is in fact rather minimal relative to the mandates of P.L. 94-142 and relative to state and local financial effort.

While education is primarily a nonfederal responsibility, the lack of equal educational opportunity for handicapped children is the primary rationale for federal involvement. Several arguments can be marshaled to justify the federal government's assuming a larger share of the financial burden of special education. First, the poorer districts and states are at an economic disadvantage in serving all of their handicapped youth. Second, costs to the federal government of rehabilitation and welfare for the handicapped population can be reduced by investment in special education. Third, the state and local institutional framework for resource allocation decisions may embody incentives against providing services to minorities such as the handicapped, and federal financial intervention in this case may be justified to protect the handicapped minority's rights and alleviate the current lack of equal educational opportunity for handicapped children. And a fourth argument that might be advanced is that some level of government should fill the large unmet need; state and local governments are not doing the job and have inadequate resources; therefore, the federal government should provide categorical financial aid. Court rulings have the effect of forcing increases in the number of handicapped youth served by state and local agencies, and are an important

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*J. Callahan and W. Wilken, "The Federal Role in School Financing: A View from the States," in M. Timpane, *The Federal Interest in Financing Schooling*, Ballinger Publishing Co., Cambridge, Massachusetts, 1978.

prod to equitable treatment. The lack of service to a large fraction of handicapped youth is partially caused, one might assume, by current program inertia and high start-up costs, in which case the federal government should also play a stimulative role.

An equity argument in support of increased federal financial aid is that poorer states do not have the resources for an adequate special education program, and the federal government, while giving aid to all states, might favor poorer states and in effect transfer funds from wealthy to poor states to enhance equal educational opportunity.* Of course, every state *does have* sufficient resources to support an adequate special education program, but it must balance this need against other populations' needs for the funds. For example, only about 1 out of 10 school-age youth are handicapped; if state officials wanted to spend twice as much per handicapped child as per nonhandicapped child, and they increased the fraction of handicapped youth served by special education from 50 percent to 100 percent, the total education budget would need to increase by only about 5 to 7 percent, depending on one's assumptions about the percentage presently excluded from school altogether. Since primary and secondary education accounts for about 32 percent of state and local expenditures,† only about a 2 percent increase in total state and local expenditures for all purposes--not just for education--would be needed to finance the needed expansion in special education services in this example. It is not fair, however, to view special education needs in isolation from the other pressing problems faced by states and localities. Poorer states are at a disadvantage in providing many services. To provide a uniformly high standard of service could mean high state and local tax rates,

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*A case for nonlocal funding of all the excess costs of special education is made in F. J. Weintraub et al., *State Law and Education of Handicapped: Issues and Recommendations*, The Council for Exceptional Children, Reston, Virginia, 1971, and in L. C. Pierce et al., *State School Finance Alternatives*, Center for Educational Policy and Management, University of Oregon, Eugene, Oregon, May 1975.

†Education accounted for 40.5 percent of state and local general expenditures in 1969 (*1971 Statistical Abstract*, p. 404). Higher education accounted for 20 percent of all educational expenditures (ibid., p. 403). Therefore only about 32 percent of all funds went for primary and secondary education.

which, in the long run, might not be in the best interests of the poor states or the nation as a whole. Therefore, the equity argument provides support for allowing the federal government to help special education financially, thereby allowing all states, rich and poor, to provide an equivalent level of service. Another equity argument for federal funding is that the incidence of handicapping conditions varies geographically and the uneven distribution of handicapped children implies an unequal financial burden. Further, the migration of families with handicapped children to states thought to have exemplary special education places an additional "unfair" financial burden on that state.

An externality of benefits argument in support of federal financial aid for special education is that its benefits are bestowed upon the nation as a whole, in the form of an informed and well-trained citizenry, and that federal welfare and other service costs for handicapped persons are reduced when special education is provided.[*] According to this argument, without federal support the handicapped person, and state and local authorities, might underinvest in special education to the detriment of society, because some benefits of special education do not accrue to the single individual, state, or locality. A highly mobile populace and federal funding of noneducation services (such as welfare and rehabilitation services) are two causes of benefits accruing beyond state boundaries. To have a nationally optimum level of investment in special education, then, the tenor of this argument is that federal supplement is required to equate total marginal social benefits with total marginal social costs.[†]

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[*] See R. Conley, *The Economics of Mental Retardation*, The Johns Hopkins University Press, Baltimore, Maryland, 1973.

[†] See Samuel B. Chase, Jr. (ed.), *Problems in Public Expenditure Analysis*, The Brookings Institution, Washington, D.C., 1968, pp. 44-45, for a discussion of the analysis of external effects for public expenditure decisionmaking.

Another argument for increased federal financial aid for special education is that there is a large unmet service need resulting in a lack of equal educational opportunity for handicapped children; some level of government should meet the need; state and local governments are not meeting the need; and therefore the federal government should. A counterargument is that regulation without financial aid might be sufficient, a contingency discussed later in this section. In considering this argument for financial aid, it is important to try to understand why state and local levels of government are not meeting the need. One possible explanation is that local decisionmakers do not view special education as a high-priority program relative to other demands for the limited available funds. That is, the compelling demands on the limited state and local resources are such that they cannot now provide an appropriate education for all handicapped children, even though they are mobilizing greater resources for their special education programs. Another possible explanation is that the inherent ability of one level of government to raise increased funds under the current tax structure is greater than that of other levels of government. Some state government fiscal surpluses in recent past years, for example, have facilitated increased state funding of education for equalization purposes. At the present time, however, it is not clear which level of government will have the most surplus (or least deficit) in future years. Another possible explanation for insufficiency of funds in special education rests on the institutional structure of resource allocation: who makes decisions, and the incentives facing the decisionmaker. A simplistic model of this decisionmaking process at the local level includes the public, the school board, and the superintendent. In preparing the budget, the superintendent faces pressure from both the parents and the employees of the district. Confronted by increasing costs of providing regular education, the superintendent may perhaps feel compelled to maintain support of the majority of both groups, to the disadvantage of handicapped children and their parents, a small minority by comparison. The school board is responsive mainly to voters. Assuming that a board member wants to be reelected, coalition-building among the majority of parents and nonparents who live and vote in the school district naturally follows. Parents are primarily concerned with *regular* education, and nonparents are often resistant to increases in the tax rate; together, these two groups are a force against increasing school expenditures. Parents without handicapped children are generally concerned with visible signs of progress in their child's education, along with other indicators of the overall quality of the school. Appealing to these interests, a school board may emphasize programs that boost student achievement scores on statewide tests or athletics. Again, as with any minority group, it is hard for the handicapped to exert a heavy influence on the board's decisions. The model presented above is overdrawn for the purpose of emphasis. Decisionmaking at the local school district level is not as simple as the model suggests. Our model, however, is not in basic disagreement with the findings of more careful examinations of the school budgeting process.[*]

While much the same argument can be made for state-level decisionmaking, the federal government, for a variety of complex reasons, has lately been in the forefront in protecting the rights of minorities. Should increased federal dollars be spent in support of the handicapped children to protect their rights? The federal government appears to be the most likely candidate to redress grievances. However, redressing grievances of minorities requires increased funding, and in an era of fiscal limitations all grievances cannot be redressed. A big issue is which minorities' grievances will receive priority.

P.L. 94-142 and the associated detailed regulations encourage the states to offer a comprehensive range of quality services to meet the needs of youth of each age, with each type and degree of handicap.

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[*] Thomas James, James A. Kelly, and Walter I. Garms, "The School Budget Process in Large Cities," in Michael W. Kirst (ed.), *The Politics of Education at the Local, State, and Federal Levels*, McCutchan Publishing Co., Berkeley, California, 1970, pp. 74-89.

However, such regulations are more likely to be politically feasible and effective if the federal government were to assume a major financial role.

Further, a big problem is that the P.L. 94-142 controls and the mandate to serve all children come before big federal money is authorized to flow. P.L. 94-142 mandates a free appropriate public education for all handicapped children aged 3 to 18 years no later than September 1978, but only provides one-fourth of the maximum funding level in the Act in that year. The Act does not authorize the full 40 percent funding level until the 1981-82 school year. Thus, the states and localities face the prospect of having to fund services themselves for a greatly increased number of children between 1978 and 1982 when the maximum level of federal financing becomes available. Even if appropriations equal authorizations, a serious problem will exist in the first year or two of the implementation of P.L. 94-142. A recent report made an estimate of the amount of federal money available to local agencies per handicapped child, and concluded, "It is reasonable to question whether the amounts provided will be large enough to cover the expenses generated by the comprehensive identification, planning, and procedural safeguard provisions incorporated in the legislation."* If the added costs of implementing the legislation exceed the finances provided, then there is an incentive to delay participation or to start off on the wrong foot with implementation and compliance that is more apparent than real--this is true even if all parties involved agree with the goal of an appropriate public education for every handicapped child. P.L. 94-142 could be changed to phase in the required improvements in special education as funds become available. This could be done by advancing the time at which large scale funds become available, delaying the time of certain required improvements, or both.

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*Joel Berke et al., "Change in Education: Three Policy Papers on the Implementation of the 'Education for All Handicapped Children Act,'" P.L. 94-142, Education Testing Service, Washington, D.C., February 1976.

The courts offer another source for potentially powerful regulation, as evidenced in recent federal court decisions requiring state and local authorities to provide education service to certain classes of handicapped children. Though the courts can be and have been effective in getting some excluded children into the educational service system, this population is only a fraction of those entitled to but not receiving an appropriate special education. Many handicapped children in the regular school system do not receive needed special services, or they may be ruled ineligible for service because of administrative restrictions related to age. Redressing all the inequities facing handicapped youth through court action on a case-by-case, handicap-by-handicap basis may be a feasible approach that is inexpensive for the federal government, but it is also a difficult and inefficient cure. It is difficult for the courts to specify exactly the quantity and quality of special education services that must be delivered, given critical individual differences in needs among the handicapped. However, courts could reaffirm the rights of equal protection of all children by requiring that special education services be given, without specifying the level of service. It could be argued that since court rulings are based on both state and federal constitutions, then both state and federal governments should have a moral obligation to also provide the funds to implement the rulings.

While the greatest spur to the increased provision of special education probably has been court decisions providing that handicapped children have a right to a public education, the fact remains that funds are still insufficient to serve all those in need and many remain unserved. The first two major legal cases are relatively recent --1971: *Pennsylvania Association for Retarded Children v. Commonwealth of Pennsylvania,*[*] which provided that every school age mentally retarded Pennsylvania child has a right to a public education; and *Mills v. Board of Education of District of Columbia,*[†] which extended the principle to all handicapped children. Since 1971 dozens of similar cases have been completed or are pending in a majority of the states,[*] but government has not yet responded with the dollars necessary to provide services to fulfill the right of handicapped children to an education and to fully implement the states' "mandatory" special education legislation.

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[*] 334 F. Supp. 1257 (E.D. Pa. 1971).

[†] 348 F. Supp. 866 (D.D.C. 1972).

Basic Service Support Option 3

Consolidate the P.L. 89-313 and the P.L. 94-142 programs.

While it was stimulative when first created and most children in state institutions were not appropriately educated, now P.L. 89-313 primarily functions as a basic service support program that provides funds for a limited group of handicapped children whereas P.L. 94-142 provides funds for all handicapped children. The principal argument for this policy option is that the dual existence of the P.L. 94-142 program and the prior existing P.L. 89-313 program seems unnecessary and inefficient. The state education agencies would have more flexibility in allocating special education funds to the highest priority needs and would have more control over special education programs in their state if the P.L. 89-313 program funds were to be consolidated into the P.L. 94-142 state grant funds. State education agencies now have the responsibility to coordinate the use of P.L. 89-313 funds but consolidation would give special educators more direct control over the use of the funds and over the quality of special education services in the state (in some states, the state education agency has very little control over how special education services are provided in certain state operated and state supported schools and institutions that are administered by noneducation agencies). Consolidation of these two programs would make coordination of services to the current P.L. 89-313 students easier.

The main problem with consolidating these two programs today is a financial one: in FY 1978 P.L. 89-313 students were allocated over $500 per year in federal funds whereas P.L. 94-142 paid less than

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[*] U.S. House of Representatives Committee on Education and Labor, *Education for all Handicapped Children Act of 1975*, Report No. 94-332, June 26, 1975, p. 3.

$100 per year. Consolidation would not prohibit states from allocating the funds as they are now, but would give flexibility to use them otherwise if a greater need existed elsewhere in the state. If P.L. 94-142 appropriations approach the maximum authorized per child in 1982, the financial differential may be largely eliminated. If these programs are consolidated, careful attention should be paid to phasing in the consolidation so that current services to P.L. 89-313 students are not diminished or disrupted.

Consolidation would be facilitated by (1) having a "hold-harmless" clause giving states at least as many extra funds per child under P.L. 94-142 as they now get under P.L. 89-313 for the same child; (2) allowing states to use these funds for children in state supported or operated schools if they so choose; and (3) adopting a differential funding formula under P.L. 94-142 allowing greater funding for children with more costly service needs. Many children in local schools are as expensive or more expensive to educate appropriately as are children in state operated and supported schools. Note that the existence of two separate programs is in itself the use of a differential funding formula by the federal government.

Elimination of P.L. 89-313 funds rather than consolidation of the funds into P.L. 94-142 could result in reduced services to these handicapped children since states might not use their own funds to provide comparable services. In a recent survey by U.S. House of Representatives Committee on Education and Labor staff members, 31 of 47 state respondents said that if P.L. 89-313 funding totally ceased, the "programs provided by 313 would be reduced in some way and that a substantial amount of money would be lost."*

Basic Service Support Option 4

Consolidate all federal education programs providing basic service support for various target populations.

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*"P.L. 89-313 Past, Present, and Future: A Review of the Law and Program," staff report to the Committee on Education and Labor, presented in Hearings on HR15 before the Committee on Education and Labor, U.S. House of Representatives, 95th Congress, 1st Session, Washington, D.C., October 4, 1977, p. 152.

Another issue is whether to provide federal funds for special education on a categorical basis, or not (i.e., whether the funds are specifically earmarked and can only be used for services for handicapped children, or not).

In the ideal situation, one would not need categorical programs and would not label any children but rather would provide every child with all services needed, independent of whether the child is what we now call disadvantaged, handicapped, bilingual, or a member of some other "target" population. However, a fundamental truth is that sufficient funds are not available, and are not likely to be available in the near future, to provide every needed service to every individual child. So, decisions must be made on categories and definitions of who will be provided special services. The categories and definitions change with time and vary from one educational jurisdiction to another. For example, definitions of those children eligible for special education services in recent decades have shifted from exclusion to inclusion of the more severely handicapped children, the very mildly handicapped children, and some children below the age of five years. Types of exceptionalities included have also expanded in recent years, depending on the educational agency, to include some children with "learning disabilities" not attributable to any specific physical or mental impairment. As the definition of exceptionality is broadened over time, and as the use of "individualized education programs" and service in the "least restrictive environment" expands, society is moving toward an ideal system that provides an education program to match every individual child's needs. If the trend continues, the eventual result would be no need for categorical programs and no need to label a child handicapped or disadvantaged or anything else so as to make him or her eligible for special services, since all children would be receiving services to match their individual needs. However, until such time as sufficient funds become available to provide all children with individualized services to match their needs, it will be necessary to set priorities and have some categorization of children to indicate those to receive special services.

One type of categorization for funding purposes would be to combine funding for all children to receive any special services together. For example, in early 1976, President Ford proposed consolidating 24 federal school aid programs into one block grant program for "deprived or handicapped" children.* Ford's FY 1978 budget indicated: "Current federal programs to help state and local educational agencies serve their students require submission of multiple funding requests and frequently result in unnecessary competition for categories of programs that do not fit the needs of the community to be served. They also contain burdensome recordkeeping and reporting requirements, which divert local administrations from their primary task of educating the young. Therefore, the budget again proposes a *Financial Assistance for Elementary and Secondary Education Act* to combine and simplify 24 of these federal aid programs into a single block grant. This block grant proposal would enable state and local educational agencies to choose the programs that are necessary to solve their local educational problems, while continuing the emphasis on using federal funds to improve education for the disadvantaged and handicapped."†

Consolidation would eliminate the current distinction between compensatory education funds and special education funds, for example. Each child defined as having "exceptional needs" might be served based on his or her individualized education program without regard to whether the "cause" of the exceptional need was social, cultural, economic, or some physical or mental handicap. Typically, distinctions are made between children who need special education and those who need compensatory education. If one looks at service needs rather than causes of the service needs, it is not at all clear that the needs of mildly

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*"Grants: President proposes merging 24 school aid programs into one $3.3 billion block grant," *Federal Contracts Report*, Bureau of National Affairs, Inc., Washington, D.C., March 8, 1976.

†*The Budget of the United States Government, FY 1978*, p. 146.

handicapped and "disadvantaged" youngsters are that much different. As a recent study noted:

> . . . many who make this distinction fail to ask whether there is any difference between what takes place in classes for the retarded and what transpires in classes for the educationally disadvantaged. It simply is assumed that there _is_ a difference. Hard evidence to this effect, however, is _not_ available.*

Note that there is a definite difference between services provided to severely handicapped and compensatory education children. However, even if the service needs of two different groups of children are similar, one may still want to earmark funds for the two groups separately to assure that both groups are served and that funds are not expended in a discriminatory fashion.

Another type of noncategorical funding would be to combine general and special education funding into one category. The implications of noncategorical funding are hard to ascertain and will depend on the regulations that accompany the noncategorical money. How much flexibility will local districts be given to use the money on one type of child or another? What quality controls will be placed on special education programs? What type of requirements will be placed on the number of handicapped children to be served? If local districts may use noncategorical funds in any way they see fit, then it is quite possible that there would be a gradual shifting of funds toward the majority population and away from services to the minority handicapped population. Note that categorical programs usually were created originally because previous state and local decisions had resulted in educational programs that were inadequate in some category. Finally, the less categorical the funds, the easier it would seem to be for state and local officials to use them to supplant rather than supplement state and local funding. It can be argued that if financial aid is provided by the federal government, earmarking funds for special education is required since any noncategorical revenue-sharing would not alter the local decisionmaking incentive structures that have in the past helped create a large fraction of unserved handicapped youth. Federal general revenue sharing funds, for example, typically have not been used extensively for special services to minority populations. Maintaining the currently prevalent system of categorical funding for special education, on the other hand, is likely to at least maintain the current funding levels for special education.

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*W. H. Wilken et al., "State Aid for Special Education: Who Benefits?," National Foundation for the Improvement of Education and National Conference of State Legislatures, Washington, D.C., October 1, 1976.

In Rand's interviews with state and local special educators, the following two points were made repeatedly:

1. If federal money could be used for either regular or special education, the demands of regular education would take precedence. In particular, the money would go in large measure to meet teachers' demands for salary increases.
2. If federal money could be used for special or compensatory or bilingual education programs, special educators (to quote one we interviewed) "are not sure special education would win." Some special educators were sure special education would lose in their districts under such an arrangement due to the personal beliefs of certain high level officials and due to the relative strengths of the lobbies for the different target populations. On the other hand, many state and local people who are responsible for special target populations other than handicapped children fear that special education would win out over other target populations if moneys for special and compensatory and bilingual education were consolidated into one block grant. What is clear, however, is that there would be fights within the states on how to divide up the money, and that administrators' time would be diverted from the central task of improving educational services to children. In general, the state special education directors we interviewed felt that consolidation of special education with other target population funds would result in a loss of recent service improvements

unless the controls and mandates of P.L. 94-142 were kept in full force. They felt the freedom and flexibility brought by consolidation would be less important than the goal of providing appropriate services for all handicapped children as required by P.L. 94-142.

SET-ASIDES IN PROGRAMS FOR OTHER TARGET POPULATIONS

The federal government has three direct service support programs, primarily aimed at some nonhandicapped target population, that have fund or enrollment set-asides for handicapped children. The $625 million Headstart program spends at least $62.5 million for handicapped children (based on a 10 percent enrollment set-aside). The $770 million Federal Impact Aid program provides $22 million in funding based on a count of children in special education (based on 150 percent of the funding that would be provided for a nonhandicapped child). The $413 million Vocational Education program is supposed to spend at least $41.3 million on handicapped children (based on a set-aside of 10 percent of the federal basic grant funds).

The rationales for the set-asides vary with the program. The handicapped set-aside in Headstart was initially to stimulate preschool services for these children and now ensures that they continue to receive a fair share of the Headstart resources. The extra Impact Aid funds are to compensate for higher local special education expenditures incurred without higher offsetting local tax revenues because of the presence of federal installations in the district. The rationale for the Vocational Education program set-aside for handicapped youth is similar to that for Headstart, to stimulate expanded and improved vocational education services for handicapped children and then to help ensure that handicapped children continue to receive a fair share of the vocational education services.

Apparent problems with these set-asides in the states and localities we visited are: (1) insufficient coordination and cooperation between Headstart and local education agencies; (2) extra Impact Aid funds for handicapped children usually going into the general fund rather than being given to the local special education program; and (3) inadequate integration of special education students into the Vocational Education Program.

Arguments supporting four policy options in this area are discussed below.

Other Target Program Set-Aside Option 1

Continue the Headstart, Impact Aid, and Vocational Education program set-asides for handicapped children unchanged.

The arguments for this option are the same as those given above as rationales for the programs' existence.

The principal argument against this option is that apparent problems exist with these programs that probably cannot be resolved without some program modification.

Other Target Program Set-Aside Option 2

Retain the handicapped set-aside in Headstart, but require more cooperation with the public school system. In all Headstart localities, not just those localities where public education agencies run preschools, require joint Headstart-Local Education Agency Committees to make decisions on: (1) whether or not a child is handicapped and requires special educational services and (2) what individualized education plan (IEP) will be implemented for the child.

While the Headstart program would continue to provide most of the special services to Headstart handicapped children, the education agency could provide much needed expertise in educational diagnostics and in education-related services, even if the education agency does not run a preschool program. The education agency could also provide ancillary services that may be uneconomical for the Headstart program to provide because that program needs less than one full-time-equivalent employee, e.g., speech therapy, psychological services, physical therapy, itinerant hearing and vision services, and so forth.

The principal argument for this option is that the school system has the most expertise in special education of any agency, and has specialized ancillary personnel who can be tapped to help ensure that the handicapped Headstart child is provided appropriate education and related services in an economical way. The Headstart system, unlike the public school system, typically does not have a staff of personnel trained in special education and does not have a special education administration and support system to draw upon. This makes it difficult and costly for the Headstart system to independently provide fully appropriate special education services for handicapped children, especially those most in need, the severely handicapped.*

Some people have advocated the policy option of eliminating the handicapped component of Headstart and having the schools provide the services. One could argue that it should be more effective and less costly to provide preschool-age services through the public school system than outside it. The argument for retaining a handicapped component in Headstart is threefold: (1) many local school districts do not have a preschool special education program; (2) even if there is a public preschool special education program, the Headstart program offers the opportunity for "mainstreaming" handicapped children with nonhandicapped children at least part of the day--an option usually not available in the education agency since it almost never serves nonhandicapped children of preschool age; and (3) the Headstart program provides many noneducation services such as health, nutrition, and social services. Clearly, it makes no sense for the Headstart and public school systems to operate independently in the area of services to preschool-age handicapped children. This policy option would go a long way toward resolving the apparent problem of lack of cooperation, and also probably would help shift the mix of handicapped children served in Headstart toward the moderately and severely handicapped children. Even if the public school system runs an excellent preschool program, it may be advantageous to cooperatively serve and dually enroll some of the children with Headstart--those children who need noneducation services the education agency doesn't provide, and those who can benefit from placement with nonhandicapped children for part of their day.

Other Target Program Set-Aside Option 3

Retain the extra funding for handicapped children in the Impact Aid program, but incorporate financial regulations to help ensure

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*See U.S. General Accounting Office, "Project Headstart: Achievements and Problems," Report MWD-75-51, Washington, D.C., 1975.

that the funds go for special educational services for handicapped children.

The principal argument in favor of this policy option is that P.L. 94-142 requires increased special education expenditures in most districts, and any federal funds that enter the school district because of the presence of handicapped children should go to help fund the required special education services.

Other Target Program Set-Aside Option 4

Retain the 10 percent federal basic grant funding set-aside in the Vocational Education program, but institute stronger controls to help ensure that all handicapped children needing vocational education receive it in the least restrictive environment.

One way to help ensure vocational education service to handicapped children would be to earmark enrollment spots rather than earmarking funds, such as the Headstart program does.

The principal argument for changing this program is that it is apparently not providing appropriate vocational education to all handicapped children, even though vocational education obviously falls under the P.L. 94-142 mandates.

Another policy option some people have recommended is taking the vocational education 10 percent set-aside, and giving it directly to the special education program. The difficulty with doing that is the children should be *actually served* in the least restrictive environment in the Vocational Education program and removing the money from the Vocational Education program would probably inhibit more than enhance this. Both vocational educators and special educators have knowledge relevant to the vocational education of handicapped children, and hence the two groups should be encouraged to work together in an integrated way. Pulling the money out of the Vocational Education program is not likely to encourage the needed integration as much as controls to ensure that the funds are spent for appropriate vocational services for handicapped children.

DEMONSTRATION PROGRAMS

Four major federal programs exist whose primary function is stimulation of improvement in special education for handicapped children through demonstration projects and related means. Included in this category are the ESEA Title IV set-aside ($22 million), the Early Education program ($22 million), the Severely Handicapped program ($5 million), and the Regional Post-Secondary Education program ($2.4 million). The FY 1978 budget for these four programs was $51.4 million, of which the Title IV set-aside appropriations of $22 million, or over 40 percent of the dollars, were not under the direct control of the Bureau of Education for the Handicapped. In addition, some portion of the EHA-Part E "research" program funds are spent for demonstrations.

The argument usually set forth to justify a federal role in funding demonstrations is that demonstrations stimulate improvement in the education of handicapped children, and hence complement and further the goals of P.L. 94-142. They theoretically do this in at least three ways: (1) by developing and disseminating knowledge about how to serve handicapped children well; (2) by demonstrating exemplary special education programs that other local education agencies' personnel can see functioning well in practice and hence are more apt to adopt in their own agencies; and (3) by providing start-up funds to help overcome the often high initial costs of implementing a new program.

Several of the state and local people we interviewed questioned the need for several different federal demonstration programs, indicated they felt a lack of coordination of the programs, and suggested program consolidation of one form or another.

Arguments supporting three policy options in this area are discussed below.

Demonstration Option 1

Continue the ESEA Title IV special education set-aside program, the Early Education program, the Severely Handicapped program, and the Regional Post-Secondary Education program unchanged.

The principal argument for this option is that it focuses funds on very specific target areas of high priority. Other arguments we have heard advanced are that this multiple program setup allows potential grantees to "shop" from program to program; if they don't succeed in getting funds from the severely handicapped program, for example, they can apply to the Title IV program or the demonstration segment of the EHA Part E research program. Perhaps the most potent argument in practice is that consolidation involving transfer of the Title IV set-aside for the handicapped to a new consolidated demonstration program might result in some of the money being "lost" and hence a net reduction in demonstration funds for special education of handicapped children.

Demonstration Option 2

Consolidate all federal special education demonstration programs.

While having several separate programs allows a focus on priority target groups, it makes it more difficult to rationally plan and coordinate overall demonstration/stimulation strategy, and creates inflexibility in responding to national needs that change with time.* Under the current system, major shifts of funds to meet major emerging needs or to phase out demonstrations in areas of reduced priority, require a change in legislation. Several arguments support this option. First, it is unnecessary to have separate programs in order to target funds on areas of high current priority. Second, it is desirable to have decisions on special education demonstrations made by the most knowledgeable people, and Title IV special education funding decisions may not be sufficiently influenced and controlled by special education experts. Third, separate programs lack flexibility and are both slow and hard to change as priorities change. This year, the priorities legislatively built into the programs are in the early education, severely handicapped, and post-secondary areas. In future years the priority targets for demonstrations will inevitably change, perhaps to rural handicapped programs or mainstreaming or disadvantaged

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*For a Senate discussion of a consolidation proposal, see *Congressional Record*, May 23, 1977, pp. 58303-58306.

handicapped children or special vocational education. Fourth, it is easier to coordinate funding decisions to eliminate unwanted gaps and duplications in the package of projects funded if these demonstration programs are consolidated. Fifth, consolidation would simplify the grant application process by reducing the number of overlapping programs with varying proposal requirements and regulations applicants for demonstration projects must confront. Sixth, consolidation would make it easier to assure equitable allocation of funds among various disability groups. Seventh, consolidation should permit more effective and coordinated dissemination of information about exemplary special education practices that are demonstrated by the projects.

It should also be noted that the majority of the state and local special educators to whom we talked recommended consolidation of one form or another.

Note that the research portion of Part E of the Education of the Handicapped Act would be continued separately since it is basically different in intent--the majority of Part E funding focuses on *research*, creating new improved knowledge, whereas the proposed demonstration program would focus on stimulating states and localities through *demonstration and dissemination of currently existing knowledge.*

Demonstration Option 3.

Transfer all federal special education demonstration funds to the P.L. 94-142 program, and limit the federal role in demonstrations to one of disseminating information about exemplary state and local special education programs.

Under this option the individual states would make decisions about which demonstrations to fund with money *earmarked for demonstrations* within the basic P.L. 94-142 grant to the state. The principal argument for this policy option is that the states know better than the federal government what demonstrations are needed in their own states. A federal role in dissemination of information about exemplary projects would be essential to the success of this option, since 50 individual states cannot disseminate results as effectively as the federal government.

Arguments against this option are: (1) the federal government would not be able to focus demonstration funds on areas it considers to be of highest priority; (2) states would be pressured to use the funds more for basic service support than for true demonstrations; (3) a great deal of duplication of projects would exist across states in the highest priority special education areas, while other lower but still high priority special education areas may be neglected; (4) coordination of funding decisions as well as the collection and dissemination of information about exemplary projects can be done more effectively if projects are funded at the federal level with strong inputs from states about what their needs are; and (5) evaluating the quality of proposed demonstration projects requires a high quality specialized staff, and it is inefficient for each state to employ experts with all of the expertise needed. For example, smaller states may only have two or three special education administrators in total and it is impossible for them to knowledgeably suggest or even evaluate demonstration projects covering all areas of need.

DEAF-BLIND PROGRAM

The very low incidence and severely handicapped population of deaf-blind children has a separate $16 million program.

The justification advanced for having a separate program is that economies of scale exist in serving very low incidence populations on a multistate regional basis. The argument is that the population is so small (only about 4600 are served in the entire United States) that it is uneconomical for many single states to mount quality programs of their own.

In our state and local interviews, this program received mixed reviews. In practice this program consists of centers providing personnel training and technical assistance to other agencies, with federally funded contracts to those other agencies that actually provide the direct service to the children.

Arguments supporting two policy options in this area are discussed below.

Deaf-Blind Option 1

Continue the deaf-blind program unchanged.

The principal argument supporting this option is the economy of scale argument that many states may not be able to economically mount a high quality program for these children.

There is some question of how well this program is functioning in practice. Given the discontent we perceived in our state and local interviews, if this program is continued, then it should be carefully evaluated to see how it can be made to function more to the satisfaction of state and local people who are providing the direct services to deaf-blind children.

Note that the economy of scale argument could be used to support separate federal programs for each very low incidence group of handicapped children with highly specialized service needs. Two state special education directors said that if a federal deaf-blind program is justifiable, so is a federal program for severely autistic children, and so forth.

Deaf-Blind Option 2

Modify the role of the federal deaf-blind program to one of technical assistance and personnel training only, and eliminate federally funded contracts under this program for direct services.

The principal argument in favor of this option is that most of the direct services to these children are now provided on a single state rather than a multistate regional basis, so it appears unnecessary for the federal government to play a role larger than technical assistance and personnel preparation. P.L. 94-142 and comparable laws in nearly every state mandate an appropriate education for all handicapped children, including deaf-blind children. Hence, states are obliged to serve these children and the population is small enough for states to provide the needed service without excessive financial burden. One also could argue that a federal direct service program is unnecessary because the states that are too small to mount a high quality program of their own can voluntarily cooperate with a neighboring state. While one may argue that a federal direct service role is not justified by economy of scale arguments, it clearly is inefficient and uneconomical for each state to have its own personnel training program and its own stable of technical advisors on services to deaf-blind students. Hence, the economy of scale argument can be used to justify a federal "indirect" service role in these two areas.

Of course, the economy of scale argument for the federal government continuing to furnish technical assistance and personnel training would apply to all very low incidence populations with special service needs, not just the deaf-blind.

HIGHER EDUCATION PROGRAMS

Three major federal programs exist in this area: (1) Gallaudet College serving deaf youth with a budget of $65.1 million; (2) The National Technical Institute for the Deaf with a budget of $16.8 million; and (3) the Higher Education program of Special Services to Disadvantaged Students, which includes services to physically handicapped students with a budget of approximately $2.2 million.

Economy of scale arguments justify the first two programs above, which provide service to the very low incidence population of deaf post-secondary students. The third program gives direct service support to physically handicapped students in regular institutions of higher education, as a part of a much larger program providing for services to disadvantaged students.

A fourth post-secondary program exists but is discussed in another section because it primarily is a demonstration rather than a direct service support program. The "Regional Vocational, Technical, Post-secondary and Adult Education for Deaf and Other Handicapped People" program is discussed in the section with all other demonstration programs.

Arguments supporting two policy options in this area are discussed below.

Higher Education Option 1

Continue the Gallaudet College, The National Technical Institute for the Deaf, and the Higher Education program of Special Services to Disadvantaged Students unchanged.

The principal argument for this option is that these programs pose no major problems, and hence one could argue that energy should not be expended in changing them.

Higher Education Option 2

Transfer Gallaudet and NTID from the Office of the Secretary of HEW to the Bureau of Education for the Handicapped.

The principal argument for this option is that the federal expertise in special education resides in BEH rather than the Office of the Secretary, and the program management and administration should be done by the most knowledgeable federal agency. In addition, some overlap of responsibilities exists with other programs, e.g., in the areas of research, personnel preparation, and demonstration programs for deaf students. Coordination of these programs' budgeting and management decisions with those for other special education programs would be facilitated by grouping the Gallaudet and NTID programs together with the others under BEH control.

PERSONNEL PREPARATION PROGRAMS

Ten major federal programs have some role in the preparation and training of personnel for education of handicapped children. In all but one of these programs, personnel preparation is a secondary rather than the primary purpose of the program. The exception is the $45 million Personnel Preparation program funded by Part D of the Education of the Handicapped Act.

In certain programs, training personnel as an adjunct to other ongoing activities appears to be effective and efficient. Gallaudet and The National Technical Institute for the Deaf are clearly good places to train personnel to work with deaf people, and doing such training in addition to other educational activities already ongoing at those two agencies should be cost-effective. Similar effectiveness and cost-effectiveness arguments can be made for having personnel training in related substantive areas as an adjunct to the Media Services program, the Regional Resource Centers program, the Deaf-Blind program, the Vocational Education program, and the Severely Handicapped program.

The P.L. 94-142 program of grants to states and localities for support of special education allows those receiving agencies to spend some of the funds on inservice training of personnel. The amount of P.L. 94-142 funds spent on personnel training is not known, although it clearly is a small percentage of the total funds in this program.

Finally, the dual-personality "Recruitment and Information" program spends a very small amount of money (less than $50,000) a year to encourage people to enter occupations in the field of special education.

The primary rationales for federal involvement in personnel training are twofold: Additional trained and retrained personnel are necessary to allow effective implementation of P.L. 94-142 and provision of an appropriate education for all handicapped children; and since skilled personnel are mobile, benefits of training them accrue outside the boundaries of any single state, and partial federal funding is necessary to achieve a socially optimum level of investment in personnel training.

In the area of personnel preparation, the federal effort in recent years has been focused primarily on pre-service training of special educators, and the Bureau of Education for the Handicapped estimates that about 260,000 additional special education teachers will be required to provide an appropriate education for all handicapped children.[*] About 30,000 new special education teachers graduated in academic year 1973-1974.[†] While additional new full-time *special* educators are needed, the current major shift toward serving handicapped children in the least restrictive environment makes it imperative that new *regular* teachers also receive pre-service training on serving handicapped children in the regular classroom. Many current special educators also will need inservice training in serving children effectively in the least restrictive environment rather than primarily in the more traditional special classes. In light of the overall decline in school enrollments, regular staff cutbacks are more likely in the near future than are regular staff increases. Hence, currently employed regular teachers will be the primary group of professionals serving handicapped children in the regular classroom for years to come, and they will need inservice training to give them the needed skills. A recent report of the National Advisory Council on Education Professions Development found:

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[*] W. F. Pierce, U.S. Office of Education, statement before the Subcommittee on Handicapped, Committee on Human Resources, United States Senate, March 22, 1977.

[†] Comptroller General of the United States, "Training Educators for the Handicapped: A Need to Redirect Federal Programs," U.S. General Accounting Office, Report B-164031(1), Washington, D.C., September 28, 1976.

> The major conclusion is that a majority of the two million teachers now in the schools have had little if any training in the education of handicapped children. It also appears that the majority of students now in preparation in the field of education are receiving little training in the education of handicapped children.*

Data presented earlier for the FY 1978 Personnel Preparation program indicate that only 20 percent of the $45 million appropriation is going for training of regular teachers. However, in recent years the Bureau has been expanding its expenditures and efforts for training regular teachers.

To fully implement P.L. 94-142 and provide an appropriate education for all handicapped children, additional special education teachers will need to be trained, regular education teachers who will begin to serve more handicapped children in the regular classroom will need to be trained or retrained, and support staff to help identify children and plan their services will need to be trained. A major difficulty will be in developing cost-effective programs to train or retrain regular classroom teachers to serve handicapped children in the "mainstream" when that type of service is appropriate. Edwin Martin, director of the Bureau of Education for the Handicapped, pointed out in an address to the National Advisory Committee on the Handicapped that the special education field is so broad that limited inservice training cannot hope to provide the background regular classroom teachers need to deal with the many different special educational needs of handicapped children.* The report by the National Advisory Council on Education Professions Development pointed out that:

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*National Advisory Council on Education Professions Development, "Mainstreaming: Helping Teachers Meet the Challenge," Washington, D.C., Summer 1976.

> Whatever direction mainstreaming takes at the local level, it is clear that the role and responsibilities of the regular classroom teacher are greatly changed as a result of the inclusion of handicapped children in the classroom. Teachers will need to exercise a wide range of skills. . . . Many of these skills will not have been required of a teacher in his or her previous classroom experience. . . .
>
> Judging from our review of certification regulations and education curricula, preparation is very inadequate. Without a significant effort toward a reconciliation of needs and capabilities through retraining and the provision of supportive services to regular teachers, many fear that mainstreaming will result not only in deteriorated education for handicapped children, but will bring about less effective education for all students. . . .
> The Education for All Handicapped Children Act requires each State to provide training for virtually all teachers with any responsibility for the handicapped. However, the retraining of every public school teacher is quite improbable and could be very expensive. For example, even a simple provision of tuition reimbursement for a 10-credit special education package (insufficient as this might be) for 10 percent of the workforce of teachers would cost close to $100 million each year.
>
> In reality, the funds required for such an effort are not now available.†

A recent report to Congress on training educators of handicapped children found:

**Education Daily*, October 21, 1976, p. 4.

†National Advisory Council on Education Professions Development, "Mainstreaming: Helping Teachers Meet the Challenge," Washington, D.C., Summer 1976.

The Department of Health, Education, and Welfare (HEW) needs to improve its programs which assist in preparing teachers for the handicapped.

- The majority of handicapped students spend most of their schoolday in regular classrooms, yet regular classroom teachers generally have not received training in the skills needed to effectively teach them.
- Handicapped students vitally need vocational instruction, yet they are intentionally excluded from the schools' vocational training programs by teachers untrained in methods for teaching the handicapped.

Although more handicapped students are being integrated into regular classrooms and educators believe training regular classroom teachers is essential to the effective education of the handicapped, HEW has done relatively little to encourage this special training. HEW's programs for preparing teachers for the handicapped have mainly involved (1) stimulating growth in the capacity of colleges to prepare specialists for educating the handicapped and (2) financially supporting college students entering the field of special education.

Since the Federal programs of this type began, the capacity of colleges to prepare specialists for educating the handicapped has greatly increased, and, according to school district special education administrators, is now adequate to fulfill the anticipated demand. . . .

To increase the impact of HEW's teacher-preparation programs in areas of major need, the Secretary of HEW should direct the Office of Education to:

- Provide a major emphasis on programs for training the nation's regular classroom teachers to effectively deal with the handicapped, in cooperation with State and local education agencies and institutions of higher education.
- Discourage the use of Bureau of Education for the Handicapped funds for paying stipends for full-time students, except where such stipends are deemed essential and other sources of student assistance are not available.
- Emphasize the need for applying individualized instruction techniques to the handicapped by supporting projects--such as those for preparing and using paraprofessionals--designed to extend the regular classroom teacher's ability to reach individual students.

- Develop and implement a plan to provide vocational educators with the skills and abilities needed to effectively deal with the handicapped in the regular classroom.[*]

Arguments supporting two policy options in the area of personnel preparation are discussed below.

Personnel Preparation Option 1

Continue the EHA-Part D Personnel Preparation program and the personnel training components of the nine other programs unchanged.

It can be argued that the current programs are justified by the arguments presented earlier in this section, and that the inservice training problem is solvable without changing the current program structure. In fact, the EHA-Part D program has shifted its emphasis considerably since 1976 in response to recommendations described earlier in this section by groups such as the National Advisory Council on Education Professions Development and the U.S. General Accounting Office. The principal argument supporting this option is that the P.L. 94-142 funding level is increasing from the FY 1978 level of $327 million and that state and local education agencies can use some of the increased funds to solve the problem of lack of adequate inservice training for personnel.

Even if the programs are unchanged, however, the "Recruitment" portion of the "Recruitment and Information" program (which has strong relevance to personnel preparation and very little relevance to the "information" portion of the program in which it now resides) could be moved to become an integral part of the Personnel Preparation program where it more appropriately belongs.

It can also be argued that most of the increased inservice training funds should flow under the P.L. 94-142 program rather than the Personnel Preparation program. The state and local education agencies are the ones that need the help; they know their inservice needs best; and hence one could argue that inservice training funds should flow to them directly rather than to third parties such as universities. The majority of the personnel preparation program funds have gone to universities in the past, and pressure would exist to use this program's funds for continuing support of existing pre-service training programs. The university expertise could still be tapped for inservice by having the state or local education agencies hire professors for training or paying tuition to universities for teachers to attend inservice training programs.

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[*] Comptroller General of the United States, "Training for the Handicapped: A Need to Redirect Federal Programs," U.S. General Accounting Office, Report B-164031(1), Washington, D.C., September 28, 1976.

Personnel Preparation Option 2

Shift the emphasis of the federal special education personnel preparation program more toward inservice training of regular educators, vocational educators, and special educators, although appropriate pre-service training of these three groups should not be slighted in the process.

Regular, special, and vocational personnel preparation programs, both pre-service and inservice, should include techniques for educating handicapped children. In the last two or three years there has been a definite increase in the emphasis on inservice training. This option would continue the trend toward filling the gap in inservice training while not slighting pre-service training.

The principal argument for this option is that the current area of greatest personnel preparation need is for more inservice training of all teachers (but especially regular and vocational teachers) in the appropriate education of all handicapped children in the least restrictive environment based on individualized education plans as mandated by P.L. 94-142. In our interviews with approximately 900 teachers last year, we found that the typical amount of inservice training provided by the local education agency for special educators was in the range of one to three days, while regular teachers most often did not receive any formal inservice training in educating handicapped children. One could argue that the demands on new P.L. 94-142 funds are so great that they will be used primarily for direct service, with inservice staff training being a much lower local and state priority for use of those funds.

EDUCATIONAL MEDIA AND MATERIALS PROGRAMS

Three major federal programs exist in this area: (1) the Media Services and Captioned Films program, serving all types of handicapped students with a budget of $19 million (including $0.5 million for recordings for the blind and print handicapped); (2) the American Printing House for the Blind, serving students with a budget of $3.5 million; and (3) the Library of Congress Books for the Blind and Physically Handicapped program, serving primarily adults with a budget of $28.9 million.

Economy of scale arguments justify a national effort in the media/materials area. However, no strong justification appears to exist for having three different programs in this area.

Arguments supporting two policy options in this area are discussed below.

Media Option 1

Continue the "Media Services and Captioned Films," the "American Printing House for the Blind," and the "Library of Congress Books for the Blind and Physically Handicapped" programs unchanged.

The principal argument for this option is that state and local special education directors we interviewed were generally satisfied with these programs; hence one can argue that energy should not be expended in changing programs that pose no major current problems. However, if the programs are not consolidated, they could benefit from increased cooperation in planning for cooperative and complementary service delivery.

Media Option 2

Consolidate the three media/materials programs for handicapped people under one coordinated program.

The principal argument for this option is that it seems unnecessary and inefficient to have three independent media programs providing materials of use to visually handicapped students. Consolidation of the three programs should lead to greater administrative efficiency. Consolidation also could lead to greater program effectiveness due to ready availability to individual students of materials from all three programs. Placing the three programs under one director and budget also would facilitate decisions on allocation of available funds to the types of handicapped people most in need of increased or improved media resources in a given year.

The case for consolidating the Media Services and APHB programs is stronger than the case for including the Library of Congress program because the Library of Congress program serves primarily adults rather than school age children and youth.

The arguments against consolidation are essentially those given above for maintaining the status quo. In addition, it is possible that Congress would oppose transferring a Library of Congress program to the Bureau of Education for the Handicapped. The visually handicapped organizations probably would oppose a move that would result in reduced independence of programs for visually handicapped people, especially if they felt they might obtain greater total funds by tapping three programs rather than one consolidated media/materials program for the handicapped.

INFORMATION AND TECHNICAL ASSISTANCE PROGRAMS

While several federal programs produce information and provide technical assistance to states and localities, only two programs have this as their primary function: the Regional Resource Centers program ($9.8 million) and the Recruitment and Information program ($1 million).

The RRC program primarily provides (1) technical assistance on child identification, appraisal, and individualized education programming (IEP) practices, and (2) demonstration of improved "direction" services in 25 locations (recall that direction means a one-stop source of information and referral to match the child's needs with available services). Identification and IEP prescriptive practices have been relatively neglected and underdeveloped in the past but are now required by P.L. 94-142. Hence, this program complements P.L. 94-142 by providing technical assistance to enable local districts to more effectively implement that law. The rationale for federal involvement in demonstrating improved direction service is the same as the rationale for federal involvement in demonstration programs in general and is discussed in another section.

The recruitment and information program also has a dual purpose: to encourage people to enter special education occupations; and to disseminate information and provide referral services for parents and other interested persons to help them locate appropriate educational services for individual handicapped children. Although both purposes of this program can involve the use of mass media techniques, the justification for having a single program pursue two such diverse purposes is unclear. In reality, however, the recruitment portion of this program is so small as to be practically nonexistent. The primary rationale for federal involvement in this area appears to be the economies of scale that exist in developing personnel recruitment materials as well as general information and referral materials (including radio and TV ads).

Arguments supporting three policy options in this area are discussed below.

Information and Technical Assistance Option 1

Continue the Regional Resource Centers and Recruitment and Information programs unchanged.

The primary argument supporting this option is that these programs currently provide much needed information and technical assistance.

Information and Technical Assistance Option 2

Refocus the technical assistance portion of the Regional Resource Center program away from identification and IEP development in about four years after P.L. 94-142 is "fully implemented." Allow the focus of the technical assistance portion of this program to be dynamic so that it can easily be modified over time to target on the areas of greatest need for technical assistance. Transfer funds for the "direction center" demonstrations to a special education demonstration program *such as EHA-Part E or the consolidated demonstration program discussed in the demonstration section of this report.*

The principal argument for this option is that identification and IEP technical assistance is greatly needed now while all school districts are implementing P.L. 94-142 and related state laws requiring them to find all handicapped children and provide them with the appropriate services, as determined by the IEP, that must be developed for each child. However, once the problems of initial implementation are past, perhaps in three or four years, local school districts should have the expertise and not need much technical assistance in this area. If they did still need technical assistance in this area, there does not appear to be any substantial reason why the states could not provide it. Hence, this existing federal technical assistance program will have fulfilled its purpose and can be refocused to target on other areas with greater need for technical assistance. There is logic for continued federal funding of demonstration projects in this area, and the "direction" service demonstrations could be consolidated with a broad-based special education demonstration program as discussed in another section of this report.

Information and Technical Assistance Option 3

Transfer the personnel recruitment portion of the Recruitment and Information program to the Personnel Preparation program, and transfer the information portion of the Recruitment and Information program to the Media and Materials program.

The principal argument for transferring the very small personnel portion of this program to the Personnel Preparation program is that the two parts of the Recruitment and Information program are quite unrelated, and personnel programs that are related should be grouped together for optimal coordination and program management.

The information and referral portion of this program is really a small media-related program at the federal level. Note that specific referrals of children for actual services must be made in light of the specific needs of a child and the specific service programs available *locally*. Specific information and referral services, as opposed to general information and referral applicable to broad groups of handicapped children, can best be provided locally or regionally. The best argument for retaining federal involvement in this area is the economy of scale that exists in developing information materials and mass media ads. One way for this program to operate would be to dispense media materials and technical assistance to states and local agencies that would insert a local contact point for interested families and others to write or call. Many local and state education agencies already have similar programs, and parents may be much more apt to call or write a local agency than the federal government in Washington, D.C.

RESEARCH PROGRAM

Research on the education of handicapped children primarily is funded through the $20 million appropriation for Part E of the Education of the Handicapped Act. Four other programs fund or conduct research as a small secondary activity: Gallaudet College; The National Technical Institute for the Deaf; the Regional Resource Centers program; and the Media Services and Captioned Films program. Each of these latter four programs has very special expertise in a selected area, and it is not unreasonable for them to fund and conduct research in their own areas. However, to avoid both duplication and gaps in effort, the Part E research program and each of these other four programs should fully coordinate their research activities.

The rationales for federal activity in research are clear: (1) the benefits of research and evaluation accrue to all states; (2) there are definite economies of scale in these activities; and (3) considerable duplication of effort would occur if these activities were left solely to states. To be most effective, a research program must be funded at the federal level.

The apparent problem of lack of dissemination of research results down to the local education agency working level needs attention. However, the program staff members are working at improvement in dissemination.

We see no major problems that necessitate considering any major alternative policy options for revising this research program. However, we do note that some funds under this program are spent for demonstrations rather than research. One policy option discussed in the "Demonstration" section of this report would consolidate all demonstration grants under one program; the consolidation would include the demonstrations, but not the research, funded under this EHA-Part E research program.